

ALASKA ECONOMIC

# TRENDS

May 2003

## *Occupational Forecast*



Alaska Department of Labor  
and Workforce Development

Frank H. Murkowski  
Governor of Alaska

# ALASKA ECONOMIC TRENDS

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# Ten-Year Occupational Forecast

by Paul Olson,  
Labor Economist  
and Brynn Keith,  
Economist

## Health care dominates fast growth occupations; technology causes some occupations to decline

Change is a fact of life, and a vital factor in the economy. With advances in technology, shifts in demographics, and improvements in business practices, the mix of occupations that make up the economy is constantly evolving, and so too must the training and skills of Alaska's workforce. This article will paint a picture of the effects of these changes over the 2000 to 2010 decade, shedding light on where we are and where we're going.

Based on the Department of Labor and Workforce Development's (DLWD) most recent occupational forecast, employment in Alaska's many occupations, including both wage and salary and self-employment, is projected to grow by 16.7 percent from 2000 to 2010, adding approximately 50,400 jobs to the state's economy. As the workforce grows from 302,255 to a projected 352,693, the rate of increase for the state's employment will be slightly faster than the 15.2 percent increase projected for the nation as a whole.

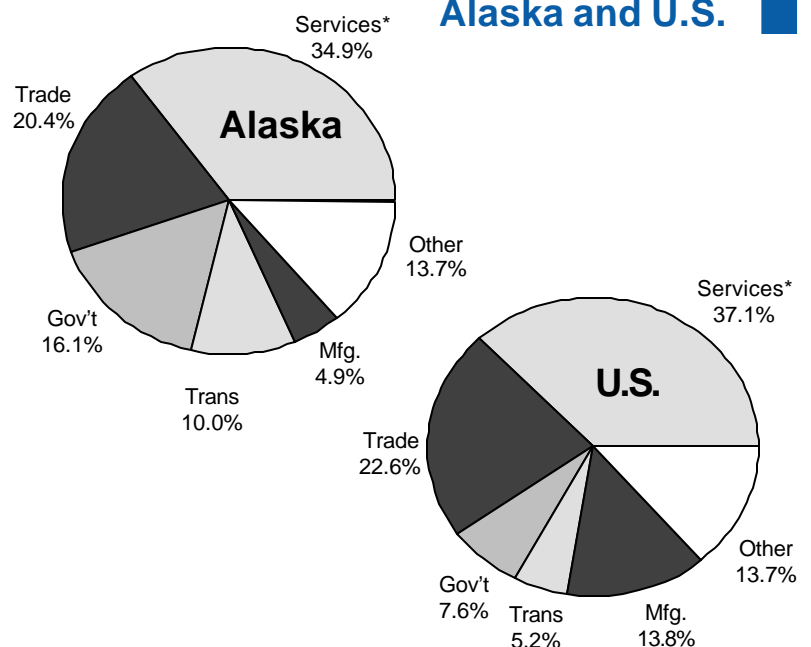
### Industry outlook

Growth will occur in virtually all sectors of Alaska's economy, but the burgeoning services sector, which encompasses health care, education, and business services, will lead the way in creating new jobs. In keeping with the post-World War II national trend of goods producing sectors giving way to services producing, the industrial makeup

of Alaska's economy has become increasingly concentrated in the services sector. (See Exhibit 1.)

Industry projections for the 2000-2010 decade, completed in early 2002, lie at the heart of Alaska's occupational forecast for the period.<sup>1</sup> Several key assumptions underpin the industry forecast upon which this occupational forecast is

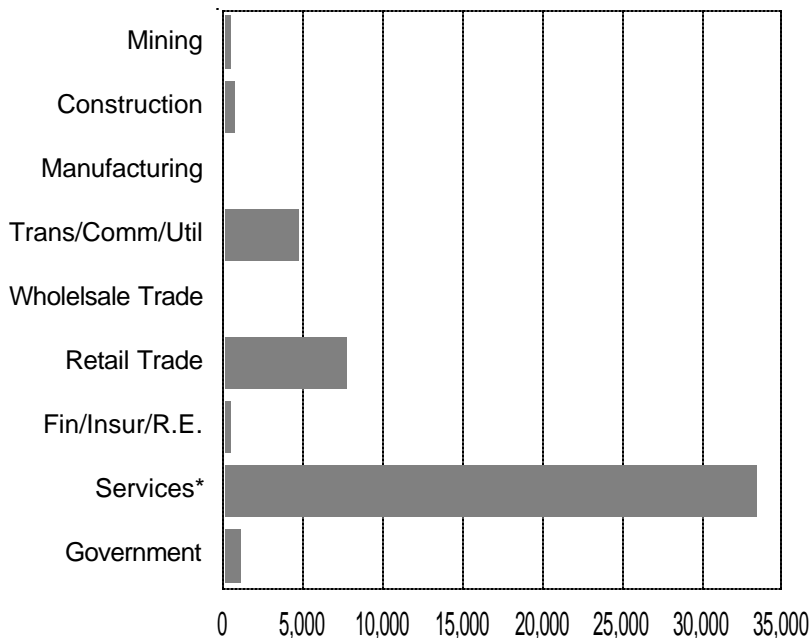
## Industry Employment 2000 Alaska and U.S.



\*Services include public education and hospitals.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

## 2 Industry Employment Growth 2000–2010



\*Services includes public education and hospitals.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

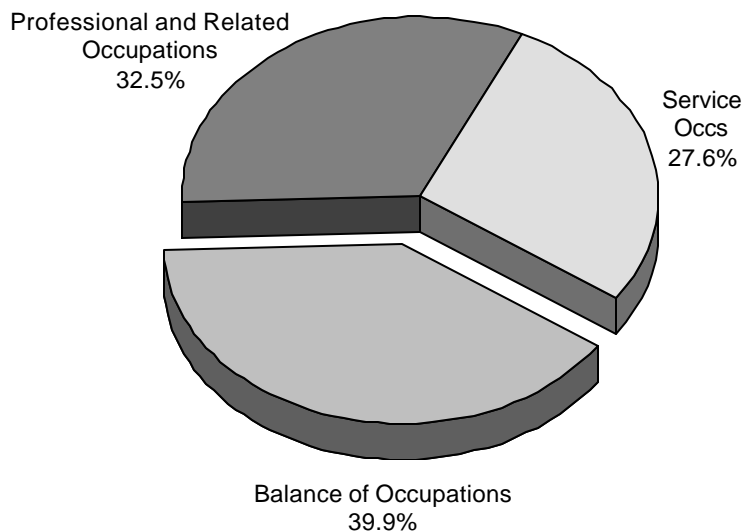
based. They include: significant growth in the services industries, driven by both the aging and growth of Alaska's population; a continuation of retail expansion in urban areas; little change in metal mining activity as key projects such as Pogo and Kensington await permits; and moderate exploration and drilling activity in the National Petroleum Reserve. Neither the development of the Arctic National Wildlife Refuge nor a natural gas pipeline was considered probable during the forecast period. (See Exhibit 2.)

Given the time lag between the forecasts for industry and for occupations, some of the assumptions on which the industry forecast was based may not accurately reflect the current economic climate. (See the May 2002 issue of *Alaska Economic Trends* for a detailed discussion of the 2000-2010 industry forecast.) The 2002-2012 industry forecast is scheduled for completion in the fall of 2003.

Dramatic increases in health and social services employment account for nearly 70 percent of the projected growth in the services industry sector. These opportunities arise in large part from Alaska's aging population and that population's disproportionate consumption of health care services. Figures provided by the National Center for Health Statistics indicate that persons aged 55 and older, per capita, account for five times the days of care in hospitals when compared to the rest of the population.<sup>2</sup> As the 55 and older age group grows in Alaska from 13 percent to an estimated 20 percent this decade, the demand for health care services will grow with it.

Outside of the services industry, significant growth is projected in the retail trade and the combined transportation, communication, and utilities industries. Alaska's geographic importance for the movement of international cargo and increases in general merchandise stores and eating and drinking places should fuel growth in these industry sectors. While projected growth in construction is more restrained, growth in heavy construction may get a boost from the infrastructure development sought by the current administration.

## 3 Source of Employment Growth Projected 2000–2010



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

## Occupation outlook

Occupational growth stems from the utilization of workers by industry. Occupations heavily concentrated in the services and retail trade industries will provide the greatest number of new job opportunities during the projection period. These opportunities fall largely in two occupational groups, professional and related occupations and service occupations. (See Exhibit 3.) While these two occupational clusters share the distinction of being the only two groups projected to increase their employment share by 2010, in terms of wages paid and educational levels required they contrast starkly with one another.

Another source of employment opportunity results from the need to replace workers who leave their occupation due to retirement, career change, or death. While these openings are significant, especially in industries such as construction where worker median age is high, this article will focus on those 50,400 projected openings resulting from economic growth and technological change.

### Strongest growth for professional and related occupations

The professional and related occupational group encompasses a great variety of vocations, from computer programmers to lawyers, and social workers to zoologists, many of which require considerable education and training. Of the nearly 60,000 workers that comprised this group in 2000, about two-out-of-three worked in an occupation generally requiring at least a bachelor's degree. According to wage data that covers more than 95 percent of all Alaska wage earners, the relatively high educational level of these workers translates to a significant earnings premium. With an average hourly wage of \$23.68, employees in these occupations earn about 25 percent more than Alaskans as a whole.

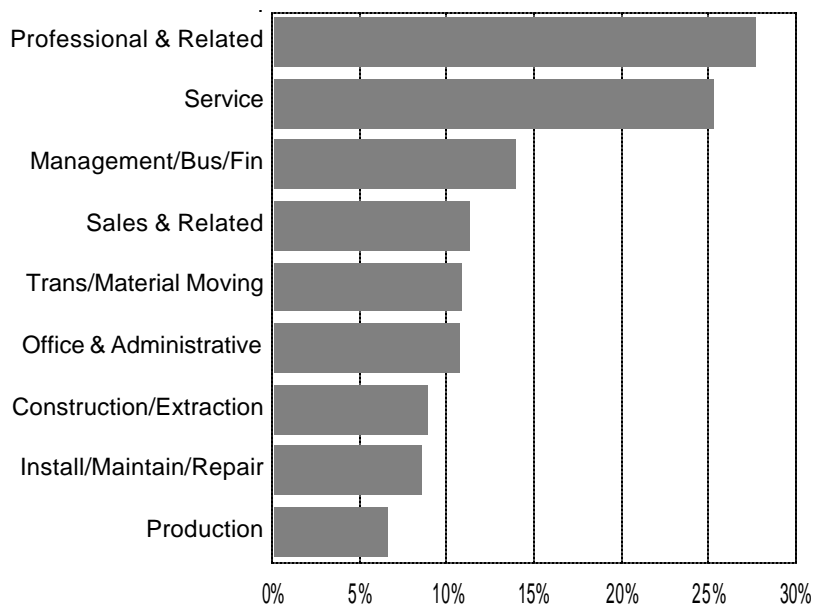
Of the 706 individual occupations that comprise the 2000 – 2010 occupational projections, the professional and related cluster accounts for 245 or just over one third. With the largest

employment of the nine occupational groups in both 2000 and 2010, these occupations are projected to add some 16,383 new jobs during the decade. This occupational group is projected to grow faster than any other. (See Exhibit 4.)

Healthcare practitioner and technical occupations will drive growth in the professional and related occupations, accounting for just over half the total increase for this major occupational group. Projected shortages of some healthcare professionals are raising concerns of an impending crisis in health care capacity, both in Alaska and nationally. Indeed, the University of Alaska School of Nursing has teamed with industry leaders to develop strategies to double the number of nursing graduates through 2006. Laws recently passed in a handful of states, including Washington and Oregon, have put limits on mandatory overtime for nurses, a practice bred by the shortage of qualified nursing personnel across the northwest.<sup>3</sup>

Another 30 percent of growth will come from community and social services occupations and education, training, and library occupations. The

## Employment Growth Rate Alaska 2000–2010 projected **4**



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

former group will see robust growth, in part due to Alaska's higher than average incidence of alcohol related problems. The latter group is projected to grow at a much slower rate owing to budget tightening and a stabilizing of school enrollments over the decade. The much smaller computer and mathematical occupational group, while contributing a smaller share to new employment, should experience strong growth as continued efforts to increase productivity demand ever more computer support and network system specialists across all industries.

### Service occupations follow close behind

Service occupations will see significant employment increases during the decade, adding a projected 13,917 new jobs to the state's economy. Second only to professional and related occupations in their rate of growth, service occupations will account for nearly one in five jobs by 2010. This is despite the fact that less than 13 percent of occupations are categorized under the service sector in 2000.

Many service occupations are characterized by relatively low pay and short job tenure. Turnover tends to be high in many of these occupations, owing to the greater proportion of young people utilizing them for entrance into the labor force. Aside from protective service occupations, which command relatively high wages, earnings for service occupation workers are below the average for all Alaskans. At an average of \$11.89 per hour in the most recent wage survey, these workers make about half as much as those in professional and related occupations. Not surprisingly, only one percent of these job opportunities required a bachelor's or more advanced degree in 2000.

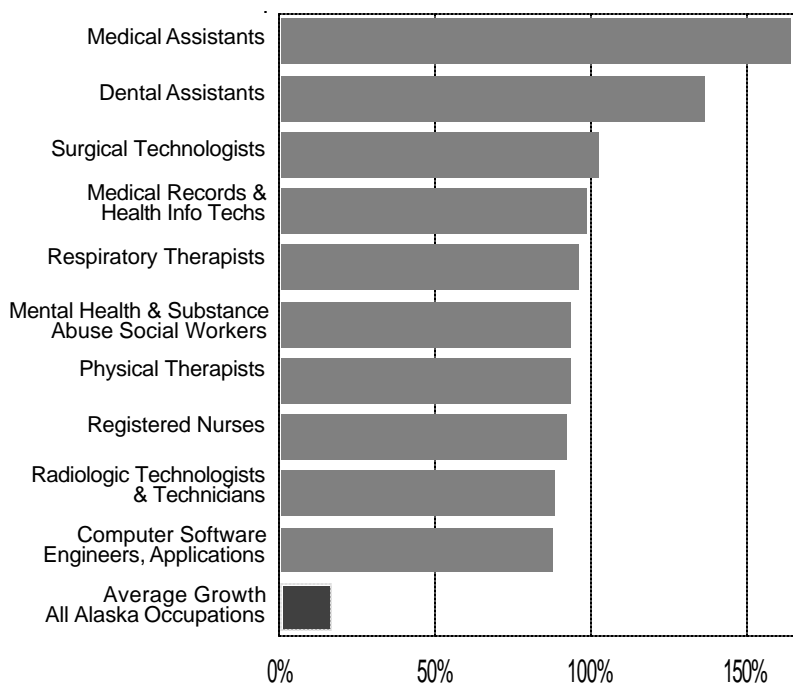
Growth in service occupations is led by large increases in food preparation and serving related workers, a group responsible for 40 percent of base year employment for all service occupation workers. Nearly one in three new opportunities are projected to derive from these hospitality occupations. Our culture's continued reliance on fast food and takeout meals in feeding an on-the-go population is behind the faster than average growth for this service occupation's large subgroup.

Health care support occupations will contribute better than one-in-four new service related jobs to Alaska's economy. As hospitals and clinics work to rein in escalating costs, responsibility and workloads will increase for Medical and Dental Assistants and other healthcare support workers, requiring additional personnel. Likewise, increased cost pressures in elderly care institutions will necessitate more Personal and Home Care Aides, driving growth in the personal care and service subgroup.

### Slower, steady growth for the others...

The accelerated growth of the service and professional and related occupations, while significant in terms of projected job growth, should not overshadow the fact that the majority of Alaska's employment continues to be found in the remaining occupational groups. These jobs contain over half of the occupations included in

## 5 The Fastest Growing Occupations Alaska projected 2000–2010



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

this analysis, and offer some of the highest wages in Alaska, a great variety of work settings and duties, and many promising career opportunities.

Management, business, and financial occupations are projected to add over 4,600 jobs through 2010. With a growth rate of 14 percent, this occupational group is the third fastest growing and will nearly keep pace with the economy overall. Comprising just over 10 percent of total employment in both the base and projected year, jobs in these occupations hold the distinction of paying, at \$28.90 per hour, the highest average wage of the nine occupational groups. Though advanced degrees are generally not necessary in these occupations, 87 percent of new job opportunities in this broad classification will require at least a bachelor's degree.

Office & administrative support; sales & related; and transportation & material moving occupations, each projected to grow about 11 percent over the decade, should account for about one-third of all employment by 2010. With a few exceptions including Airline Pilots, these occupations generally require no formal training or schooling beyond that provided on the job. The remaining occupations are found in the slower growing construction & extraction; installation, maintenance & repair; and production occupational clusters.

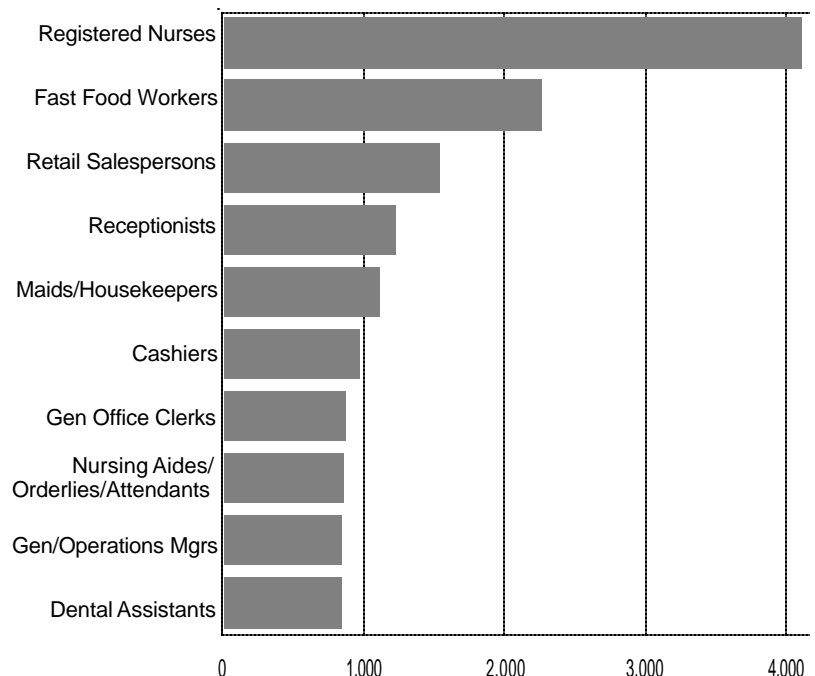
### Detailed occupations

Occupational growth can be viewed two ways — by the rate of growth, the percentage change in employment between 2000 and 2010, or by numeric growth, the number of jobs created over the forecast period. In general, occupations with faster growth rates offer higher wages and better career advancement opportunities. Slow or moderately growing occupations with large employment can, however, offer good job opportunities because of their dominance in the labor market. Therefore, a look at both percent change and numeric change is important in identifying occupations having favorable employment prospects.

Based on the 2000-2010 projections, the growth rates for occupations with significant employment<sup>4</sup> range from an increase of nearly 165 percent for Medical Assistants to a decline of 42 percent for Telephone Operators. Numeric growth over the forecast period ranges from over 4,100 additional Registered Nurse jobs to an employment loss of 164 for Tellers.

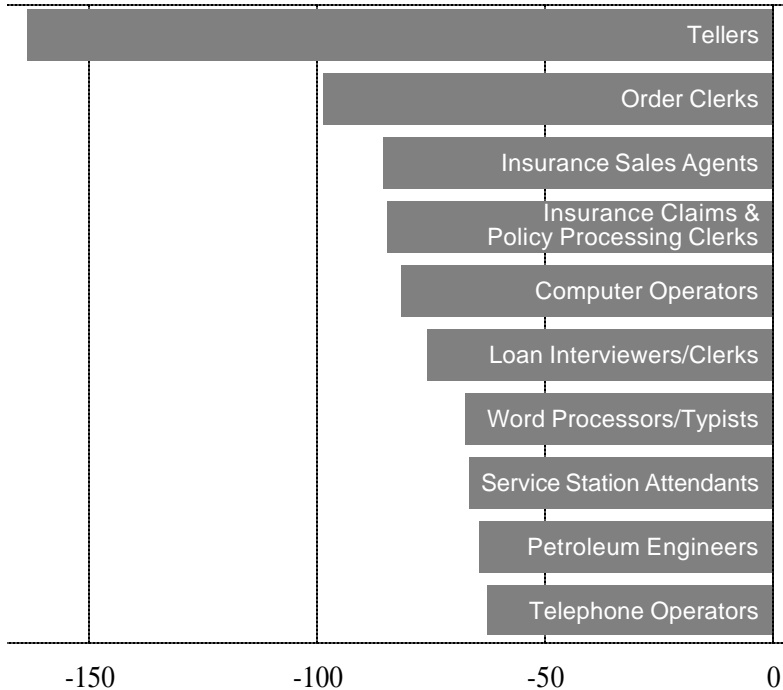
Nine of the ten fastest growing occupations are in health care fields. (See Exhibit 5.) The ten fastest growing occupations are projected to represent roughly four percent of total employment in 2010 and over 14 percent of the new jobs. The projected job growth in health services will result from multiple factors, including Alaska's aging population, and technological advances in medicine. The heightened demand for Surgical Technologists, for example, will result from both the increased surgical needs of an aging population and the demand for new technology-driven surgical procedures such as those using fiber

## Largest Numeric Increases Projected for occupations 2000-2010 **6**



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

## 7 Occupations with Largest Decline In projected numbers 2000–2010



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

optics and laser technology. Continued efforts to curb health care costs will stimulate employment for health related aides and assistants as services formerly performed by specialists are shifted to lower paid workers. The demand for Medical Records & Health Information Technicians will climb, reflecting heightened medical records scrutiny by third-party payers, courts and consumers.

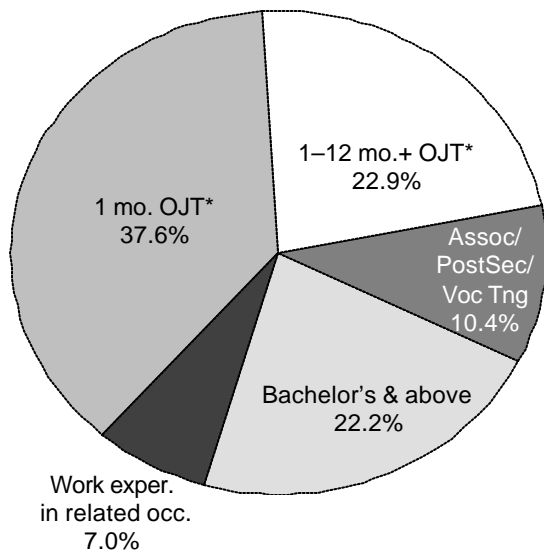
Among the 706 occupations for which projections were developed, the ten occupations with the largest numeric increase will account for more than 29 percent of total employment growth over the 2000-2010 period. Service occupations such as Fast Food Workers and Nursing Aides, Orderlies and Attendants dominate the list. Combined, the ten occupations included in Exhibit 6 will contribute nearly 15,000 new jobs over the forecast period. With the exception of Registered Nurses, General and Operations Managers and Dental Assistants, the occupations on this list are entry level, requiring little training or experience.

## Occupations with declining employment

Not all occupations will show positive employment growth over the forecast period. Combined, the ten occupations with the largest projected numeric decline will shed over 850 jobs, reducing their total employment to 3,300 in 2010. Technological changes or organizational shifts will be the primary factors contributing to these losses. For example, the continued shift from mainframe computers to PCs will account for the declining demand for Computer Operators. (See Exhibit 7.) Over the forecast period, the occupation of Bank Teller is expected to have the largest numeric decrease in total employment as the trend to automated banking functions continues.

Even occupations with declining employment can offer excellent employment opportunities. For example, the aging of Alaska's workforce may result in significant employment opportunities as employers replace retiring workers. (See the March 2002 issue of *Alaska Economic Trends* for an analysis of Alaska's aging workforce.)

## 8 Alaska's Future Jobs By education level required—2010



\*On-the-Job Training

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section



## Occupations by education and training requirements<sup>5</sup>

While the education and training requirements of the workforce continue to increase, only 22 percent of the jobs in 2010 will require a bachelor's degree or more. (See Exhibit 8.) Occupations requiring significant postsecondary vocational training or an associate degree, such as Registered Nurses<sup>6</sup> and Aircraft Mechanics, will account for over 10 percent of all jobs in 2010. Occupations generally requiring short-term work related training of less than one month are projected to account for nearly 38 percent of employment in 2010. Roughly 23 percent of the jobs in 2010 will require longer term on-the-job training lasting one to 12 months or more.

## Better education improves opportunity

Workers who have the most education and training will have the best opportunity for high paying jobs in growing occupations, because shifts in the occupational composition of the workforce and the structure of work within occupations favor higher levels of education. Although the projections indicate that jobs will be available for those without formal training beyond high school, prospects for high paying jobs will increasingly be better for workers who undertake significant postsecondary education and training. (See Exhibit 9.)

Of the 706 occupations included in the 2000-2010 projections, 51 were identified as "best bets" – occupations with higher than average wages and good job prospects, based on projected employment growth and number of positions. Employment in Alaska's best-bet occupations is projected to reach nearly 45,000, or roughly 13 percent of total employment in 2010. (See Exhibit 10.) Although dominated by health-related occupations, the list of best bets includes jobs as diverse as Computer System Analysts and Sheet Metal Workers.

### Footnotes

1. While other industry data is increasingly being presented using the North American Industrial Classification System (NAICS), due to the dependence on historical data to construct both the industry projection and the occupational staffing pattern, all industry data in this analysis utilize the outgoing Standard Industrial Classification (SIC).
2. Annual Hospital Discharge Survey, 2000, *National Center for Health Statistics*, Series 13, No. 153, Table 2.
3. See Richard R. Nelson, "State labor legislation enacted in 2002," *Monthly Labor Review*, January 2003, pp.3-6.
4. For the majority of this analysis, only occupations with year 2000 employment of 75 or more are included. Catch-all occupational categories, such as "All Other Managers" are excluded.
5. The U.S. Bureau of Labor Statistics' (BLS) occupational education and training categories are used in this analysis.
6. Based on the BLS classification, all RNs are grouped under the Associate Degree category.

## Alaska's Best Bet Occupations 9 By education level



\*On-the-Job Training

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

# 10 Best Bet Occupations 2000–2010

## By education, wages, employment

Wage \$\$\$ \$16.72 - \$23.83      Wage      Employment      Numeric      Percent  
 Quartile \$\$\$\$ \$23.84 & higher      Quartile      2000      2010      Change      Change

<b>Bachelor's and above</b>						
Medical and Health Services Managers	\$\$\$\$	662	1,185	523	79%	
Network and Computer Systems Administrators	\$\$\$\$	420	749	329	78%	
Substance Abuse/Behavioral Disorder Counselors	\$\$\$	425	749	324	76%	
Mental Health Counselors	\$\$\$	337	604	267	79%	
Physical Therapists	\$\$\$\$	276	535	259	94%	
Medical and Public Health Social Workers	\$\$\$	265	481	216	82%	
Pharmacists	\$\$\$\$	332	535	203	61%	
Management Analysts	\$\$\$\$	534	726	192	36%	
Clinical, Counseling, and School Psychologists	\$\$\$\$	326	517	191	59%	
Administrative Services Managers	\$\$\$	1,072	1,259	187	17%	
Medical and Clinical Laboratory Technologists	\$\$\$\$	270	452	182	67%	
Property/Real Est./Community Assoc. Mgr.	\$\$\$	979	1,159	180	18%	
Computer Systems Analysts	\$\$\$\$	513	693	180	35%	
Special Ed. Teachers, Preschool/Kindergtn/Elem.	\$\$\$\$	627	803	176	28%	
Child, Family, and School Social Workers	\$\$\$	660	824	164	25%	
Computer and Information Systems Managers	\$\$\$\$	386	544	158	41%	
Sales Managers	\$\$\$\$	525	672	147	28%	
Dentists	\$\$\$\$	346	490	144	42%	
Purchasing Agents, exc. Wholesale/Retail/Farm	\$\$\$\$	575	703	128	22%	
Computer Software Engineers, Applications	\$\$\$\$	136	256	120	88%	
Social and Community Service Managers	\$\$\$	603	719	116	19%	
Family and General Practitioners	\$\$\$\$	217	331	114	53%	
Educational, Vocational, and School Counselors	\$\$\$	579	693	114	20%	
Internists, General	\$\$\$\$	136	244	108	79%	
Occupational Therapists	\$\$\$\$	138	243	105	76%	
Environmental Engineers	\$\$\$\$	354	444	90	25%	
Network Systems/Data Comm Analysts	\$\$\$\$	115	193	78	68%	
Securities/Commodities/Fin Svcs Sales Agents	\$\$\$\$	205	281	76	37%	
Physician Assistants	\$\$\$\$	157	233	76	48%	
Health Educators	\$\$\$	145	220	75	52%	
<b>Associate Degree or Postsecondary vocational training</b>						
Registered Nurses <sup>6</sup>	\$\$\$\$	4,439	8,556	4117	93%	
Computer Support Specialists	\$\$\$	1,019	1,755	736	72%	
Dental Hygienists	\$\$\$\$	403	753	350	87%	
Licensed Practical and Licensed Vocational Nurses	\$\$\$	487	750	263	54%	
Radiologic Technologists and Technicians	\$\$\$	289	545	256	89%	
Medical Transcriptionists	\$\$\$	241	439	198	82%	
Commercial Pilots	\$\$\$\$	591	767	176	30%	
Respiratory Therapists	\$\$\$	108	212	104	96%	
Medical and Clinical Laboratory Technicians	\$\$\$	141	242	101	72%	
Surgical Technologists	\$\$\$	96	195	99	103%	
<b>Work experience in a related occupation</b>						
First-Line Supvrs/Mgrs Ofc/Admin Support Wkrs	\$\$\$	3,017	3,589	572	19%	
Transportation, Storage, and Distribution Mgrs	\$\$\$\$	622	744	122	20%	
Lodging Managers	\$\$\$	421	529	108	26%	
First-Line Supvrs/Mgrs of Housekp/Janitor Wkrs	\$\$\$	401	506	105	26%	
<b>Long-or medium-term on-the-job training</b>						
Correctional Officers and Jailers	\$\$\$	776	1,017	241	31%	
Painters, Construction and Maintenance	\$\$\$	786	933	147	19%	
Water/Liquid Waste Treatment Plant/System Oprs	\$\$\$	588	706	118	20%	
Hazardous Materials Removal Workers	\$\$\$	253	339	86	34%	
Sheet Metal Workers	\$\$\$\$	386	467	81	21%	
Telecommunications Line Installers and Repairers	\$\$\$	421	501	80	19%	
Opticians, Dispensing	\$\$\$	182	257	75	41%	

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

### Methodology

Occupational forecasts are the end product of a three-part system: employer surveys, construction of a matrix of industries and occupations, and industry employment forecasts.

**Employer Surveys:** The foundation of this forecast is the Occupational Employment Statistics (OES) program, operated jointly by Alaska DLWD/R&A and the U.S. Bureau of Labor Statistics. The OES program surveys occupational employment through a random sample of employers who do business in Alaska. OES employer surveys form the basis for profiles of the occupational makeup of surveyed industries and estimates of wage rates by occupation.

**Industry/Occupation Matrix:** The occupational profile of each industry is arranged into a matrix of occupations and industries. Base year (2000) employment estimates are made by multiplying the proportion of employment for each occupation in an industry by the current (2000) estimate of employment for that industry and then summing across industries.

Future occupational employment required the use of "change factors" to indicate shifts in industry staffing patterns as employers respond to changes in both technology and the marketplace.

Estimates of self-employed workers are made by applying ratios of self-employed workers in each occupation to estimates of wage and salary workers in the same occupation. Self-reported occupational data from the decennial census are used to determine the self-employment ratios.

**Industry Employment Forecasts:** Industry forecasts are constructed by statistical techniques and adjusted based on assumptions about the probability of future events. A detailed description of the methodology used in producing the 2000-2010 industry forecast is available upon request.

**Earnings Quartiles:** Earnings quartiles were determined by sorting the total number of Alaska employees by their wage from the lowest to the highest. One fourth of total employment is placed in each quartile. A single \$ represents occupations with employee earnings of less than \$12.35 per hour. \$\$ represents earnings between \$12.35 and \$16.71 per hour, \$\$\$ between \$16.72 and \$23.83 per hour, and \$\$\$\$ greater than \$23.83. Wage information is from the 1999, 2000 and 2001 OES surveys and includes wage and salary employment only.

# Two-Year Industry Forecasts

## Outlooks for Statewide, Anchorage, Fairbanks and Southeast through 2004

### STATEWIDE

by Dan Robinson, Labor Economist

#### Alaska expected to extend growth streak to 16 years

**T**wo more years of employment growth are in the forecast for Alaska, adding to an impressive streak that has already reached fourteen years. (See Exhibits 1 and 2.)

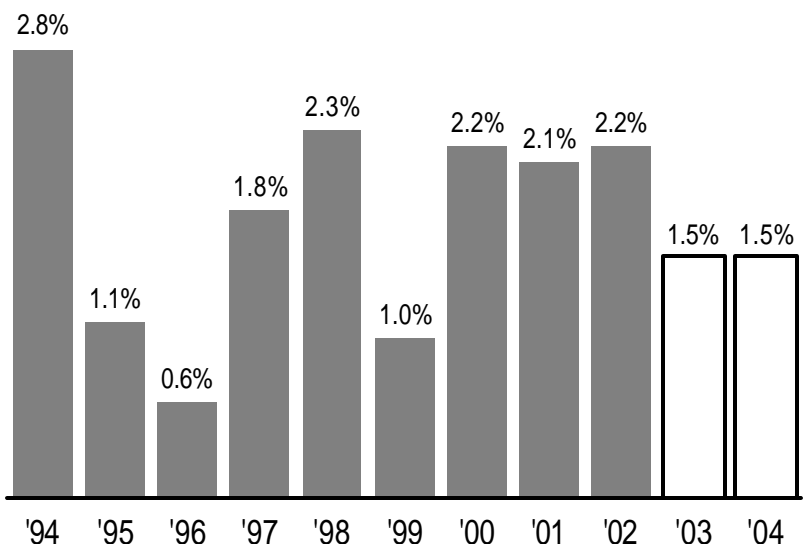
In light of the immediate concerns raised by the war with Iraq, threats of terrorism, and a weak national economy, there is a temptation to look for the sky to fall. Longer-term concerns hover around Alaska's high-profile industries: oil, fishing, and tourism. However, Alaska's labor market has proved to be remarkably resilient over the last decade and should continue to add jobs through 2004, albeit at a slightly slower rate.

This article will examine the two-year forecast for various Alaska industries as they are organized under the new North American Industry Classification System (NAICS). NAICS replaced the previous system, known as the Standard Industrial Classification System (SIC) at the beginning of 2003 for the employment numbers published in *Alaska Economic Trends*. The change was made to create one system for the United States, Canada, and Mexico and also to capture more detail in a labor market that is increasingly based on services and decreasingly based on goods production. Considering that the SIC system has been around since the 1930s, the new industry groupings will take some getting used to.

#### Natural resources and mining: oil down, metals up

Alaska jobs data as published in *Trends* are organized into eleven "supersectors." (See Exhibit 2.) The first of these is natural resources and mining, which includes the oil and gas industry, other metal mining, and logging. Employment in this category is expected to contract in 2003 and then rebound slightly in 2004. The oil and gas industry—which makes

#### Statewide Forecast to 2004 Percent change from previous year



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

up the dominant share of employment for the category—will likely see its second straight year of contraction in 2003. After opening the Alpine and Northstar fields in recent years, the major oil companies are currently maintaining existing fields rather than developing known reserves or exploring new ground. Ongoing efforts to open the Arctic National Wildlife Refuge (ANWR) to oil drilling and the sentiment that the United States is too dependent on foreign oil sources could lead to resumed growth in 2004 and beyond.

Prospects for employment growth in metal mining are optimistic. Higher gold prices have led to more exploration. Two underground gold mines, Pogo near Delta and Kensington near Juneau,

may begin operations soon, contingent on environmental impact statements. The Donlin Creek gold prospect near the Kuskokwim River is said to be one of the world's largest gold discoveries, but the project would be expensive and development depends on updated estimates. The existing Greens Creek Mine (silver, zinc, and gold) on Admiralty Island near Juneau and Fort Knox gold mine near Fairbanks are both going strong. Combined, the two mines provide more than 600 jobs and are expected to provide at least that many for the foreseeable future.

### Construction still adding jobs

Over the last ten years, construction jobs have increased at an average rate of more than

## 2 Statewide Forecast Wage and salary employment — 2001-2004

	2001 Annual Average <sup>4</sup>	2002 Annual Average <sup>4</sup>	Absolute Change 01-02	Percent Change 01-02	2003 Forecast	Absolute Change 02-03	Percent Change 02-03	2004 Forecast	Absolute Change 03-04	Percent Change 03-04
Total Nonfarm Wage & Salary <sup>1</sup>	289,300	295,800	6,500	2.2%	300,300	4,500	1.5%	304,800	4,500	1.5%
Goods Producing <sup>2</sup>	38,300	37,900	-400	-1.0%	37,700	-200	-0.5%	38,200	500	1.3%
Services Providing <sup>3</sup>	251,000	257,900	6,900	2.7%	262,600	4,700	1.8%	266,600	4,000	1.5%
Natural Resources & Mining	11,600	10,800	-800	-6.9%	10,400	-400	-3.7%	10,600	200	1.9%
Oil & Gas Extraction	9,500	8,800	-700	-7.4%	8,500	-300	-3.4%	8,700	200	2.4%
Construction	14,900	15,800	900	6.0%	16,400	600	3.8%	16,800	400	2.4%
Manufacturing	11,700	11,200	-500	-4.3%	10,900	-300	-2.7%	10,800	-100	-0.9%
Seafood Processing	7,900	7,400	-500	-6.3%	7,100	-300	-4.1%	7,000	-100	-1.4%
Trade, Transportation, Utilities	60,200	61,000	800	1.3%	61,500	500	0.8%	62,300	800	1.3%
Wholesale Trade	6,200	6,200	0	0.0%	6,200	0	0.0%	6,300	100	1.6%
Retail Trade	33,200	33,900	700	2.1%	34,300	400	1.2%	34,800	500	1.5%
Trans/Warehousing/Utilities	20,800	20,900	100	0.5%	20,900	0	0.0%	21,000	100	0.5%
Information	7,300	7,200	-100	-1.4%	7,100	-100	-1.4%	7,100	0	0.0%
Financial Activities	13,800	13,600	-200	-1.4%	13,700	100	0.7%	13,800	100	0.7%
Professional & Business Svcs	22,800	23,300	500	2.2%	24,100	800	3.4%	24,700	600	2.5%
Educational & Health Services	27,900	30,300	2,400	8.6%	31,500	1,200	4.0%	32,500	1,000	3.2%
Leisure & Hospitality	28,300	29,200	900	3.2%	29,600	400	1.4%	30,100	500	1.7%
Other Services	11,900	12,300	400	3.4%	12,700	400	3.3%	13,000	300	2.4%
Government	78,800	81,000	2,200	2.8%	82,400	1,400	1.7%	83,100	700	0.8%
Federal Government	16,800	16,800	0	0.0%	17,000	200	1.2%	17,000	0	0.0%
State Government	22,900	23,800	900	3.9%	24,100	300	1.3%	24,300	200	0.8%
Local Government	39,100	40,400	1,300	3.3%	41,200	800	2.0%	41,700	500	1.2%

#### Notes for Exhibits 2, 4, 6, and 8:

<sup>1</sup> Subtotals may not add due to rounding.

<sup>2</sup> Goods-producing industries include: Natural Resources and Mining; Construction; and Manufacturing.

<sup>3</sup> Service-providing industries include: Trade, Transportation and Utilities; Information; Financial Activities; Professional and Business Services; Educational and Health Services; Leisure and Hospitality; Other Services; and Government.

<sup>4</sup> CES March 2002 Benchmark

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

four percent. The current forecast calls for another good year in 2003 and then slightly slower growth in 2004.

As noted in the Fairbanks and Anchorage forecast articles that follow, the most important source of construction growth over the forecast period will be public projects. For example, spending on military construction projects managed by the U.S. Army Corps of Engineers will increase from \$175 million in federal fiscal year 2002 to \$263 million in 2003. Another big increase will come in 2004 when \$440 million will be spent. These figures exclude missile defense spending for which an additional \$250 million was budgeted in 2002 and at least that much is likely to be spent in 2003 and 2004. Missile defense work alone is estimated to create about 400 construction jobs in 2003.

### **Manufacturing industries continue to struggle**

Jobs in manufacturing have been disappearing at an average rate of more than three percent over the last ten years. The difficulties for Alaska's largest manufacturing industry, seafood processing, are well documented. The state has lost more than 2,000 jobs in seafood processing since 1990 and is expected to lose about 400 more over the next two years. On the positive side, the salmon runs are in excellent shape biologically and world demand for Alaska seafood products has significant growth potential.

The once-thriving wood products industry continues to struggle, as discussed in the Southeast forecast article. Other manufacturing employment in Alaska comes in miscellaneous shapes and sizes, but adds up to almost 3,000 jobs. A few of the larger employers in this miscellaneous manufacturing group are bakeries, printers, petroleum products manufacturers, fertilizer manufacturers, cement and concrete product manufacturers, fabricated metal manufacturers, and ship builders. Employment in this group is expected to show moderate growth over the next two years as it moves with the broader economy.

### **Trade, transportation, and utilities hold the line**

The somewhat unrelated combination of jobs in this supersector—which account for more than twenty percent of the statewide total—are expected to show minimal growth over the forecast period. The closure of five Kmart stores cost the state several hundred jobs, but other stores will pick up at least some of Kmart's former retail market and many of the workers. All things considered, retail trade is expected to continue the trend of recent years and show moderate growth in both 2003 and 2004.

Jobs in the transportation industries will likely show a small net gain over the next two years. Employment in passenger air travel is likely to suffer, especially if the combination of security concerns and the weak national economy further reduce demand. Alaska Airlines is one of the few major carriers not facing significant financial problems. Air cargo, on the other hand, rebounded from a bad year in 2001 to grow in 2002. Boeing predicts three percent growth in traffic for 2003 and 2004 and a tripling of air cargo traffic over the next 20 years.

### **Information jobs to contract slightly**

This new NAICS category, a combination of publishing and broadcasting industries and the telecommunications industry, is not expected to grow over the next two years. Jobs in telecommunications, which expanded rapidly from 1997 to 2001 are likely to repeat the slight reduction in jobs that took place in 2002. Both the publishing and broadcasting industries will grow at a modest rate as they have for the past several years, consistent with the overall economy.

### **Stable employment in financial activities**

After a slight contraction in 2002, jobs in financial activities, which include banking and insurance employment as well as jobs in real estate and leasing, are expected to show minimal growth over the forecast period. Low interest rates continue to create refinancing activity although

there are signs that it is slowing. After some consolidation of the banking industry in 2001, no major developments are expected on the forecast horizon.

### **Professional and business services will benefit from construction boom**

This catch-all supersector combines everything from architectural and engineering services to advertising and temporary employment placement agencies. Strong growth in construction will create greater demand in many of these industries, leading to approximately 1,400 new jobs over the next two years. Jobs in professional and business services have grown over the last decade at a steady rate of approximately two percent, and barring a major shock to the state's economy, will continue to follow this trend.

### **Educational and health services will continue impressive growth**

The size of the two segments in this supersector category differ vastly; Alaska has approximately 28,000 jobs in health care related industries and approximately 2,000 jobs in private educational services. Almost all of the forecast job growth in this category will be in health care. Some of the new jobs will be a result of the privatizing of hospitals as noted in the Anchorage forecast article. Most of the growth, however, comes from an increase in demand and an increase in the type of services offered. In 2002 alone, 2,200 new health care jobs were created. Health care employment has grown at a rate of more than five percent a year over the last decade. The average age of Alaska's population has increased slightly in recent years, portending continued growth in health care employment.

### **Leisure and hospitality industries face uncertainty**

The leisure and hospitality category combines many of the industries that rely on tourism, such as hotels, RV parks and campgrounds, and

museums. Somewhat less dependant on out-of-state visitors are the restaurants, cafeterias, and bars that make up approximately 60 percent of total employment in this category.

The 2002 visitor season was surprisingly stable, despite early concerns following the September 11, 2001 terrorist attacks and subsequent U.S. response. Many of the same questions about willingness to travel apply in 2003. In this climate, just maintaining the levels of previous years will be a victory. Cruise ship companies offered deep discounts to encourage summer travel last year and they are expected to do the same in 2003. Not surprisingly, passengers who pay as little as \$499 for a cruise are more reluctant to spend several hundred dollars on shore excursions or purchases of expensive art in Ketchikan, Sitka, and Juneau. Consequently, the same number of passengers does not necessarily provide the same number of jobs or the same amount of revenue to the local economies. Assuming that the national economy or a lingering conflict in Iraq do not deter cruise travel, a slight decline in employment is still expected.

Industry watchers note that the international travel market has been stagnant over the last two years, though they forecast that it may return to 2000 levels by 2004. A Euro that is stronger relative to the dollar makes Alaska travel more attractive for Europeans, while anti-American sentiment from the war in Iraq may have the opposite effect. Regionally, Fairbanks had a rough 2002 visitor season, Anchorage was flat, and both the Mat-Su Valley and Kenai Peninsula reported growth.

A number of new restaurants in Anchorage and several in Fairbanks have helped contribute growth to food and beverage industries. Alaskans are eating more of their meals away from home, as is the case with the rest of the United States, and the trend is not expected to change in the near future. This forecast calls for approximately 1,000 more jobs to be created in these industries over the next two years.

### **Some growth expected in other services**

This supersector captures jobs in repair & maintenance; personal & laundry services; and

membership organizations involved in everything from religion to social advocacy. Employment in these areas has quietly grown at an average annual rate of almost three percent over the last ten years. The forecast for the next two years is for growth at a slightly slower rate based on concerns about the general economy and the potential for less government grant money—upon which many organizations in this category are heavily dependent.

### Government growth to slow

Overall, the combination of federal, state, and local government has grown at an average rate of about one percent over the last ten years. It has grown slightly faster in the last two years, but is expected to slow again in the two-year forecast period.

The federalization of airport security contributed approximately 700 new employees to federal government in 2002, though the effect of the change will be more apparent in 2003. Some privatization at native hospitals and military installations will provide a counterweight. All told, federal government employment is expected to be nearly flat over the next two years.

Budgetary concerns will put downward pressure on state government employment for at least the next two years. The small amount of growth forecast in state government is expected to come entirely from the University of Alaska system.

Local governments will also feel the pinch of the state's belt tightening. Fewer state dollars will be available to pass along and some operations and maintenance responsibilities may move from the state to municipalities and boroughs. Higher enrollments in local schools, however, especially Anchorage and Mat-Su, will create a small amount of growth in local government.

## ANCHORAGE

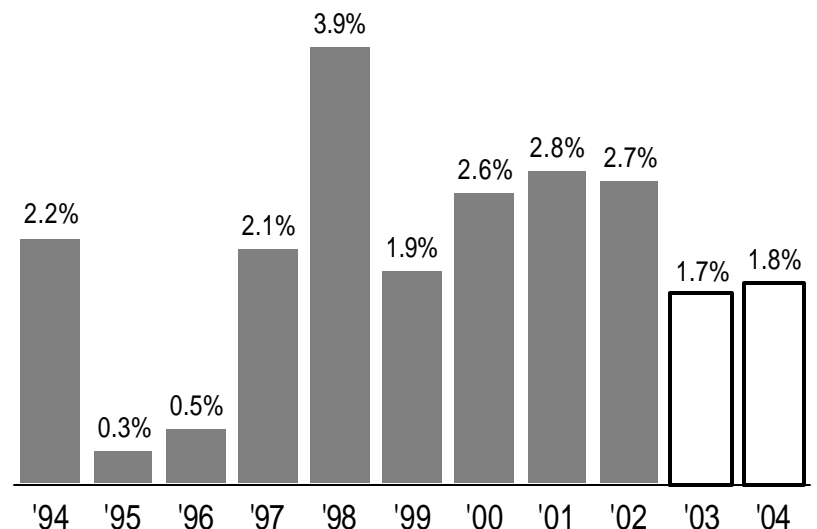
by Neal Fried, Labor Economist

### Various industries will keep Anchorage in growth mode

No single industry or project is likely to move Anchorage's economy in a particular direction for the next two years. Instead, a combination of modest growth in a number of industries should keep the city's economy on the move. (See Exhibits 3 and 4.) The influx of federal dollars remains a big positive factor, touching many of the city's industries, from construction to health care and nonprofit social services. Most employment growth will likely be in the overarching service sector, led by health care and professional and business services. A strong statewide construction industry should also be a plus. Conversely, the outlook in the oil and gas and visitor industries is for little or no growth.

As with any forecast, there is always a chance the economy will be hit by a major event that could

### Anchorage Forecast to 2004 Percent change from previous year



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

dramatically change the direction or the degree of change forecast in this article. For example, if the Arctic National Wildlife Refuge (ANWR) were opened for oil exploration, it would give the economy an immediate boost, even if development were a number of years off. Crashing oil prices could certainly have the reverse effect.

### **Not much movement in the oil patch**

Oil industry employment in Anchorage is not expected to move notably over the forecast period, despite three years of high oil prices and the Department of Revenue's forecast for above average prices in the next two years. The state's major oil producers have no plans for significant new projects in the next two years. On the other hand, they have not announced large layoffs.

Most of the work planned is either maintenance related or drilling activity near existing fields. Exploration activity will be slower than usual. One positive development is increased exploration for oil and gas in Cook Inlet, but the employment numbers tied to the activity are small. The lackluster outlook for employment in the oil patch will reverberate throughout the city's economy. Strong years in the oil industry are almost always associated with above average performance in Anchorage's overall economy.

### **Public sector construction leads the way**

For over a decade construction has played a positive role in Anchorage's economy, and this is not likely to change over the next two years. Two things will keep most of Anchorage's contractors busy: big public sector investments in Anchorage, and a strong all-around industry throughout the state. As headquarters to many of the state's largest contractors, Anchorage will benefit from the big upcoming construction season in the Interior as well as activity in other parts of the state. The industry's weakness is on the commercial side. Office and commercial construction will decline considerably in Anchorage over the next two years.

The \$300 million-plus expansion and

reconstruction of the Ted Stevens International Airport will continue to be Anchorage's single largest construction project. Ongoing work on the new Concourse C will hold center stage, but reconstruction of the old terminal is also an important part of the project, along with major runway work to accommodate new heavier aircraft.

School construction will contribute employment growth to the building segment of the industry. Work on the new Dimond High School is nearing completion, but work on the new South Anchorage High School will continue through all of 2003 and into early 2004. In April voters approved \$167 million in bonds for new schools and renovations, including \$51 million for a new Eagle River High School. Construction is expected to begin this year.

Another sizable building project will be the \$41 million replacement of the Alaska Psychiatric Institute. Ground was recently broken for this new 72-bed facility, which should be ready for occupancy by early 2005. The Port of Anchorage has \$100 million plans for port upgrades, including a new cruise ship dock and major dredging. Contingent on funding, work will begin in 2004.

Military construction for the next two years will take place mostly in the Interior, but there will also be building activity at Fort Richardson. Later this year, a new brigade is moving to Fort Richardson in Anchorage and Fort Wainwright in Fairbanks. Fort Richardson will get approximately 680 new soldiers. New barracks and other facilities costing from \$10 to \$20 million will be built to accommodate them.

Highway construction has seen strong growth for a number of years and it is expected to grow even more in 2003 and 2004. In the Central Region alone, approximately \$140 million of work will be done. A variety of projects will carry over from last year and a number of new projects will be started. One of the biggest projects in 2003 will be the \$44 million Glenn-Parks Highway interchange. Another \$35-\$40 million will be spent to rebuild miles 102-109 of the Glenn Highway, along with a host of repaving jobs and



other highway construction in and around Anchorage.

Very little commercial construction activity has been announced for the next two years. The lull in activity is quite a change from the past three years when a multitude of new hotels, stores, and office buildings were built in Anchorage. Among the projects were the Arctic Slope Regional Corporation's 10-story office tower, three new hotels, a new Safeway, and two new Fred Meyer stores. The Salvation Army is planning to build a \$14 million complex to consolidate its operations, but no other large projects appear on the horizon. Some smaller office buildings, restaurants, and possibly a few hotels will be built during the forecast period, but the projects are small in comparison to recent years' activity. It is always possible that by 2004 other projects will be announced, but it looks like a couple of slow seasons for the commercial builders.

The level of residential activity is not expected to stray far from that of the previous three or four years. In 2002, builders broke ground for 1,332 units and 2003 should be close to that number. Continued low interest rates and steady demand should keep the residential market healthy.

### Uncertainty surrounds transportation

A variety of different forces in transportation might cancel each other out, causing transportation employment levels to change little. A lackluster visitor season could hurt domestic air transportation, charter services, and ground transportation. Many national air carriers are struggling and that could affect their presence in Anchorage. On the flip side, an improving picture for international air cargo could create jobs during the next two years.

## Anchorage Forecast 4

### Wage and salary employment — 2001-2004

	2001 Annual Average <sup>4</sup>	2002 Annual Average <sup>4</sup>	Absolute Change 01-02	Percent Change 01-02	2003 Forecast	Absolute Change 02-03	Percent Change 02-03	2004 Forecast	Absolute Change 03-04	Percent Change 03-04
Total Nonfarm Wage & Salary <sup>1</sup>	138,200	142,000	3,800	2.7%	144,400	2,400	1.7%	147,100	2,700	1.8%
Goods Producing <sup>2</sup>	12,700	12,700	0	0.0%	12,500	-200	-1.6%	12,500	0	0.0%
Services Providing <sup>3</sup>	125,500	129,300	3,800	3.0%	131,900	2,600	2.0%	134,600	2,700	2.0%
Natural Resources & Mining	3,400	2,800	-600	-17.6%	2,600	-200	-7.7%	2,600	0	0.0%
Oil & Gas Extraction	3,200	2,600	-600	-18.8%	2,400	-200	-8.3%	2,400	0	0.0%
Construction	7,500	8,000	500	6.7%	8,100	100	1.2%	8,100	0	0.0%
Manufacturing	1,800	1,900	100	5.6%	1,800	-100	-5.6%	1,800	0	0.0%
Trade, Transportation, Utilities	32,500	32,700	200	0.6%	32,900	200	0.6%	33,200	300	0.9%
Wholesale Trade	4,700	4,700	0	0.0%	4,700	0	0.0%	4,700	0	0.0%
Retail Trade	16,900	17,200	300	1.8%	17,300	100	0.6%	17,600	300	1.7%
Trans/Warehousing/Utilities	10,900	10,900	0	0.0%	10,700	-200	-1.9%	10,800	100	0.9%
Information	4,800	4,700	-100	-2.1%	4,600	-100	-2.2%	4,600	0	0.0%
Financial Activities	8,500	8,300	-200	-2.4%	8,300	0	0.0%	8,300	0	0.0%
Professional & Business Svcs	16,100	16,900	800	5.0%	17,400	500	2.9%	18,000	600	3.3%
Educational & Health Services	14,800	16,200	1,400	9.5%	17,200	1,000	5.8%	18,000	800	4.4%
Leisure & Hospitality	14,000	14,500	500	3.6%	14,700	200	1.4%	15,100	400	2.6%
Other Services	5,600	6,000	400	7.1%	6,200	200	3.2%	6,600	400	6.1%
Government	29,200	30,100	900	3.1%	30,600	500	1.6%	30,800	200	0.6%
Federal Government	9,700	9,600	-100	-1.0%	9,600	0	0.0%	9,600	0	0.0%
State Government	9,100	9,600	500	5.5%	9,700	100	1.0%	9,700	0	0.0%
Local Government	10,400	10,900	500	4.8%	11,300	400	3.5%	11,500	200	1.7%

For Footnotes, see Exhibit 2, page 12.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

## Uncertainty in new information category

Information is an entirely new category of industries created by NAICS. Its biggest components in Anchorage are newspapers and other media outlets, and telecommunications. Little change is expected to take place in the former but the telecommunication side is more of an unknown. Fierce competition, regulatory issues and technology dominate the workings of this industry, and after many years of dramatic expansion some retrenchment could occur.

## Retail trade employment to show little change

Retail trade employment looks like a mixed bag in Anchorage in 2003 and 2004. Carrs/Safeway opened up its new Abbott Loop store in early 2003 to replace its much smaller Dimond store, and the new Fred Meyer in Eagle River is slated to open in early April. Combined, the new stores will boost retail employment by 300 to 350 jobs. The closure of Anchorage's two Kmart stores and the loss of approximately 400 workers will offset these gains. Other retailers are likely to pick up some of Kmart's workforce, but no other large retailers have announced plans for new stores, so little growth is anticipated for retail trade.

## An unclear future for the visitor industry

The terrorist attacks of September 11 created much uncertainty for the 2002 visitor season. For 2003, the weak national economy and war in Iraq create at least as many questions. Early indicators such as bookings are mixed. Most industry observers are hoping to at least match 2002's numbers, which were lower than in 2001 but not as bad as some had expected. If the national economy strengthens and the war in Iraq is resolved, the 2004 season could put the industry back on a positive track. One known positive for 2004 is that convention bookings are already looking strong.

The employment category most affected by the visitor industry is leisure and hospitality, which includes accommodation and food services, arts, entertainment, and recreation. The forecast shows growth for this industry in both 2003 and 2004, despite the outlook for the visitor industry. Part of the reason is that three new hotels opened last year in Anchorage and some of the expansion of this workforce should carry through into 2003. Also, not all industries in the leisure and hospitality category depend on the visitor industry. For example, a number of new restaurants have opened in the last two years and there are plans for at least one more in late 2003, T.G.I. Friday's. The long awaited H2Oasis Waterpark opened in early 2003, boosting Anchorage's recreation workforce by 100 to 150.

## Health care and engineering services will add service jobs

Two new NAICS categories—professional & business services; and educational & health services—are likely to provide the largest employment gains over the next two years in Anchorage. Within the category of professional and business services, architectural and engineering services will stimulate growth. The forecast growth in educational and health services will come from the health care industry. The ongoing privatization of the Alaska Native Health Center will continue to boost health services employment numbers, as will broader growth in the overall industry. The rate of growth in health services is likely to slow some over the next two years, however, because the privatizing process is slowing. The two large organizations involved, Alaska Tribal Health Consortium and Southcentral Foundation, are projecting growth, but at a more subdued level than the previous three years. Neither Providence Hospital nor Alaska Regional Hospital has any major expansion plans in the works. Alaska Regional has even trimmed its workforce in recent months. The flow of federal money will create more growth in the nonprofit social service industries, another part of the educational and health services category.

## Public sector is mixed

The Ted Stevens International Airport replaced its private sector screeners and security personnel with more than 300 federal workers in 2002. This was the single largest boost to federal employment in many years. Because it happened during the last quarter of 2002, much of the growth will be seen in 2003's numbers. These gains will be largely erased, however, by the continued privatization of the Alaska Native Medical Center and some military support services. An example of the latter is the replacement of 150 to 200 federal civilians at Fort Richardson by private contractors in May 2003. This combination of federalization and privatization will result in little overall change for total federal employment over the next two years.

State government employment will likely be mixed. Employment at the University of Alaska will likely remain at least stable during the forecast horizon, but with the expected tightening of the budget, state government operations employment will probably drift downward in 2004. Local government numbers should remain slightly positive during the next two years. Enrollment at the Anchorage School district hit a record high of 50,029 this past school year, and enrollment is forecast to increase a little more in 2004. City employment is likely to remain relatively stable.

## The job market could soften a bit

Anchorage's unemployment rate rose a point higher in 2002 to 5.4 percent and is likely to remain near that level in 2003. The higher jobless rate is not necessarily a reflection of the Anchorage economy, however. The national labor market is entering its third year of recession/stagnation and it is likely that more job seekers are moving to Anchorage looking for work and fewer residents are leaving. The additional job seekers have put upward pressure on the unemployment rate, and there is little evidence this trend will change in the near term. In spite of the higher unemployment rates, the job market in Anchorage will remain healthier than most other parts of the state.

## FAIRBANKS

by Brigitta Windisch-Cole, Labor Economist

### Fairbanks employment will continue to grow

Fairbanks will continue to enjoy employment growth in the next two years. In 2003, the forecast is for a 2.1 percent growth rate, followed by a slower 1.5 percent growth rate in 2004. (See Exhibit 5.) These growth rates equate to 750 new jobs in 2003 and 550 in 2004. (See Exhibit 6.) The construction industry will lead the way and stimulate growth in a number of other industries. Population growth will also create more demand for both public and private sector services.

### Construction expected to boom

Public expenditures will fuel a Fairbanks construction boom in the next two years. The most significant growth will come from the hundreds of millions of dollars in military-related construction that is either under way or planned. Replacement of the Bassett Army Hospital will be the biggest project during the 2003 and 2004 construction seasons. Other projects include the construction of dormitories, family housing, and strategic sites and structures. A number of other projects to renew and replace base infrastructure are ongoing.

The newly formed Third Stryker Brigade Combat Team, a medium weight armored vehicle force, will use some of the new facilities at Fort Wainwright, including the Mission Support Training Facility and the Assembly Building. Contractors also remain involved with the Fort Greely missile defense project. All told, an expansive list of construction projects at Fort Wainwright, Eielson Air Force Base, Clear Air Station, and Fort Greely will contribute significant employment growth during the upcoming construction seasons.

At the state level, most of the new construction will take place at the University of Alaska Fairbanks, where most of the university's northern region \$50 million capital budget fund will be spent. The museum expansion project alone has a \$23 million price tag and will keep construction crews busy for at least two seasons. Another big project, costing \$14 million, will involve the West Ridge Research Building.

The state's 2003 road budget for the Fairbanks area is also sizeable. Projects include a \$9 million safety upgrade on the Parks Highway in the Clitter Gulch area (the hotel and entertainment district adjacent to the entrance of Denali National Park). Further north around Mile 262, crews will be working to rebuild and surface a stretch of the highway at an estimated cost of \$11.5 million. A new building phase will also start at the Fairbanks International Airport and the Badger Road overpass will be completed.

Local government will also contribute to construction growth. The Fairbanks North Star Borough public works department is managing a construction budget of more than \$100 million. Funds have been committed for schools, parks,

and other public facilities. The Hutchison vocational/technical high school and the Denali and Nordale elementary schools are three of the major projects.

Residential contractors in Fairbanks expect another respectable season. Low interest rates, which help keep mortgage payments affordable, will encourage housing construction. Commercial construction is also expected to prosper. The largest commercial project is a \$34 million expansion of the Westmark Hotel, which includes an eight-story tower featuring 265 new rooms. Several million dollars is being spent at Fairbanks Memorial Hospital for the addition of a new lab in 2003 and a new imaging center in 2004.

### Gold mining will be a bright spot

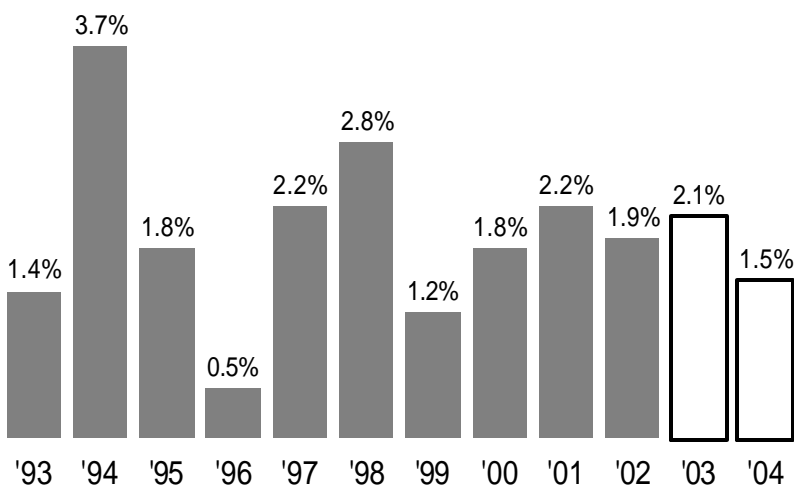
Fairbanks' largest industrial complex, the Fort Knox Mine, will expand production and increase its workforce over the forecast period. Newly identified deposits will extend the life of the mine until year 2010 and allow the company to step up production by roughly 40 percent. Gold prices have rebounded to comfortable levels, promoting exploration and development efforts. Teck-Pogo hopes to begin construction of the Pogo mine in the Delta Junction region sometime in 2003, as soon as the federal environmental impact statement process is completed.

The new jobs in gold mining will be offset in 2003 by declines in oil and gas employment. Local oil support industries have scaled back employment in response to the downturn in development on the North Slope. Once the cutbacks in oil-related employment have been fully absorbed, employment growth, led by gold mining, will resurface in 2004.

### Mail service change will affect transportation sector

Under a new federal law, small planes must now carry passengers if they are to qualify as carriers of U.S. mail. Moreover, the amount of mail awarded to an individual air carrier will be proportioned according to the company's

## 5 Fairbanks Forecast to 2004 Percent change from previous year



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

passenger booking records. This new arrangement may lead to lower airfares for passengers flying to and from remote places, but it will challenge the survival of air carriers with limited passenger carrying experience or capacity. Some bush airlines will get a big boost in business from the new requirements, but their employment gains may not quite offset the losses resulting from businesses that close.

Another setback for the local airline industry came when Air France terminated its stops in Fairbanks. The direct employment loss is negligible but it means less business for air service companies and a loss of revenue from landing fees.

Pipeline jobs are normally associated with the oil industry, but they are recorded in the transportation sector. The average employment level in the pipeline transportation category will drop in 2003 as a result of Alyeska Pipeline Service Company's downsizing its Fairbanks business unit in 2002 and moving nearly half of its staff back to Anchorage. Because this move occurred in the latter part of 2002, the loss will appear in 2003 employment numbers.

Other transportation categories will experience minimal change. Ground transportation employment, which includes trucking as well as school bus and sightseeing bus companies, should hold steady in 2003. In 2004, two tour bus lines will consolidate with the Royal Caribbean and Princess Cruises merger. Some jobs are likely to be trimmed as a result. Trucking and warehouse employment may rise during the forecast period due to heightened construction activity.

### **Uncertainties remain in the trade sector**

Trade employment in Fairbanks has remained flat since the mid-nineties. The spring closure of the Kmart store portends at best another slow growth year for 2003. Currently, only specialized merchandise stores, such as auto parts and building material stores, are resisting retail's eroding job base.

Persistent rumors about a big national retailer

coming to Fairbanks may finally come true. Wal-Mart is proceeding to secure land on which to build. If construction follows soon, retail employment could recover in 2004. Fairbanks' growing population—both from natural increase and migration to the area—will create opportunities for both new and existing retailers. The incoming Stryker Brigade and their families will further boost the area's population base and market for retail goods.

### **Service sector will expand**

Population growth, changes in demographics, and an enlarged military contingent portend growth for a variety of service industries in the Fairbanks area. Health care and social services will add the most jobs. The repertoire of health care services will expand and the aging population will increasingly demand them. More social service providers will be necessary to meet the growing demand for specialized care for children, families, and the elderly.

Professional services employment will benefit as both branches of the military in Fairbanks continue to contract with private companies for basic facility support functions and some technical assistance. Demand for architectural, design, and engineering services will move in conjunction with construction cycles. Business support services—which include computer programming, accounting, and human resources jobs, among others—will also benefit from growth in other industries.

### **Consumer confidence key to tourism**

In the past five years Fairbanks has modernized and expanded leisure and hospitality facilities. Nevertheless, the 2002 season did not go down as a big success. Room revenues were down and bookings were disappointing. Most industry analysts cited shaken traveler confidence as the main reason for the downturn. Consumer confidence will continue to play a big role in future seasons. National security and the state of the national economy will also have an effect. Some employment growth in the leisure and hospitality industries is anticipated, however, due

to increased restaurant hiring. Fairbanks' gastronomic options have expanded in recent years and the restaurant industry is expected to continue its growth trend during the forecast period.

### Fiscal constraints influence government employment

Budget constraints will restrict employment growth at the federal, state, and local government levels. Small gains in federal government employment may result from the creation of the new Department of Homeland Security. Other federal offices will maintain lean staffing levels and the military will continue to outsource its support service contracts, moving federal jobs to the private sector.

Proposed state budgets for 2003 aim to keep public expenditures low and achieve more efficiency. The reorganization and realignment occurring in several departments will likely cause some job losses. Increases in university employment could offset some of the anticipated job losses in other areas.

State budget shortfalls also will impact employment in local government units as less money flows down from the state. Increases in school enrollment due to population growth, however, could create a modest number of new jobs in local education.

## 6 Fairbanks Forecast Wage and salary employment — 2001-2004

	2001 Annual Average <sup>4</sup>	2002 Annual Average <sup>4</sup>	Absolute Change 01-02	Percent Change 01-02	2003 Forecast	Absolute Change 02-03	Percent Change 02-03	2004 Forecast	Absolute Change 03-04	Percent Change 03-04
Total Nonfarm Wage & Salary	34,700	35,350	650	1.9%	36,100	750	2.1%	36,650	550	1.5%
Goods Producing	3,500	3,700	200	5.7%	3,950	250	6.8%	4,100	150	3.8%
Services Providing	31,200	31,650	450	1.4%	32,150	500	1.6%	32,550	400	1.2%
Natural Resources & Mining	950	900	-50	-5.3%	850	-50	-5.6%	950	100	11.8%
Construction	2,000	2,250	250	12.5%	2,550	300	13.3%	2,600	50	2.0%
Manufacturing	550	550	0	0.0%	550	0	0.0%	550	0	0.0%
Trade, Transportation, Utilities	7,050	7,250	200	2.8%	7,200	-50	-0.7%	7,350	150	2.1%
Wholesale Trade	500	500	0	0.0%	550	50	10.0%	550	0	0.0%
Retail Trade	3,900	4,150	250	6.4%	4,200	50	1.2%	4,350	150	3.6%
Trans/Warehousing/Utilities	2,600	2,600	0	0.0%	2,450	-150	-5.8%	2,550	100	4.1%
Information	600	600	0	0.0%	600	0	0.0%	600	0	0.0%
Financial Activities	1,300	1,300	0	0.0%	1,350	50	3.8%	1,400	50	3.7%
Professional & Business Svcs	2,100	1,800	-300	-14.3%	1,900	100	5.6%	1,950	50	2.6%
Educational & Health Services	3,400	3,550	150	4.4%	3,700	150	4.2%	3,750	50	1.4%
Leisure & Hospitality	3,700	3,850	150	4.1%	3,900	50	1.3%	3,950	50	1.3%
Other Services	1,950	2,050	100	5.1%	2,150	100	4.9%	2,200	50	2.3%
Government	11,150	11,250	100	0.9%	11,350	100	0.9%	11,350	0	0.0%
Federal Government	3,350	3,300	-50	-1.5%	3,400	100	3.0%	3,350	-50	-1.5%
State Government	4,700	4,900	200	4.3%	4,850	-50	-1.0%	4,850	0	0.0%
Local Government	3,100	3,050	-50	-1.6%	3,100	50	1.6%	3,150	50	1.6%

For Footnotes, see Exhibit 2, page 12. Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

# SOUTHEAST

by Neal Gilbertsen, Labor Economist

## Economy continues to contract in Southeast

The Southeast economy will continue to contract in 2003, but should begin to show a slight recovery by 2004. The broad-based services sector will account for virtually all growth, although the construction industry is expected to add jobs in 2004. The already depressed forest products industry shows no signs of short-term recovery, and will likely suffer further losses in employment. Low ex-vessel prices, the stubborn Japanese recession, and competition from farmed salmon will continue to plague the fisheries, seafood processing, and support industries. A lack of processor demand and capacity may lead to further reductions in the number of vessels participating in the fisheries. Once again, the economic pain of southern Southeast and rural areas will be greater than that experienced by Sitka and Juneau, although proposed reductions in the state budget and resulting impacts on state government employment will likely affect these communities as well.

### Fewer timber jobs expected

Low prices for milled timber, the uncertainty concerning the success of Silver Bay's reorganization plans, a national glut of lumber, and sharp Canadian competition all point to continuing erosion in the logging and wood products industries. In spite of the high tariff, (27.2 percent) imposed on Canadian imports, softwood lumber from British Columbia continues to sell at prices too low for U.S. competitors. Bilateral talks aimed at resolving this situation broke down in late February, and both sides are awaiting rulings from the World Trade Organization and the North American Free Trade Agreement panel concerning the legality of U.S. duties. Decisions by both organizations are

expected by May 2003. If these bodies rule against the U.S. position, lumber prices can be expected to fall even further.

Ketchikan Gateway Borough is seeking a log transfer permit for its veneer mill that would allow the storage of logs in Wards Cove. While such a permit would make the property more attractive to a potential operator, no confirmed plans for re-opening the plant exist at this time.

### Fisheries will continue to suffer from low prices

The Alaska Department of Fish and Game is predicting very strong salmon returns in 2003. While the biological outlook is encouraging, the fishery will continue to suffer from low ex-vessel prices, and fewer vessels are expected to participate.

In December 2002, Wards Cove Packing Company announced that it was exiting the Alaska salmon industry. This announcement caused concern as the economic impact of possible plant closures reverberated across the state. In Southeast, some of these concerns have been alleviated. The Wards Cove cold storage facility in Ketchikan has been acquired by E. C. Phillips and Associates, and Ocean Beauty Seafoods has announced its intention to operate the plant at Excursion Inlet. In spite of this good news, overall processing capacity in the region will likely be reduced in 2003. The Wards Cove cannery in Ketchikan is not expected to open this season. It is also questionable whether the fire-damaged J.S. McMillan plant in Prince Rupert, British Columbia, which has in recent years processed a significant share of the Southeast Alaska salmon harvest, will be operable by this summer.

Permit holder participation in the Southeast Alaska purse seine fleet fell 21 percent last year from 346 to 274. In part this was due to processors limiting the number of vessels from which they would buy. The reduction in processing capacity and continuing low prices will lead to a further reduction of as many as 50 vessels this season. Reduced canning capacity will also mean fewer jobs in the seafood processing industry.

## Ketchikan dry dock facility will create jobs

If there is a bright spot in maritime endeavors, it is the \$10 million expansion of the Alaska Ship and Dry Dock facility in Ketchikan. Funded by a \$5 million federal economic grant awarded to the shipyard and a \$5 million match by state and local governments, construction of the new ship-lift is expected to be under way by the fall of 2003. Not only will the expansion provide construction jobs, the project will allow the yard to undertake more than one vessel repair project at a time. The new lift will be sized to efficiently handle smaller or medium-sized vessels of less than 2,500 tons. Ninety-five percent of the ships operating in Alaska fall into this category. Once the project is completed, the potential year-round employment at the shipyard could increase from 140 to 210.

## More jobs in health care

The demand for health care services will continue to grow, partly due to Southeast's aging population. The category of educational and health services—which is dominated by health care employment—

has averaged an annual growth rate of 5.6 percent since 1998, adding a total of 700 jobs to the regional economy. Southeast Alaska Regional Health Consortium (SEARHC), headquartered in Sitka with 401 employees, is the largest provider in this industry, and is one of Southeast Alaska's largest private sector employers.

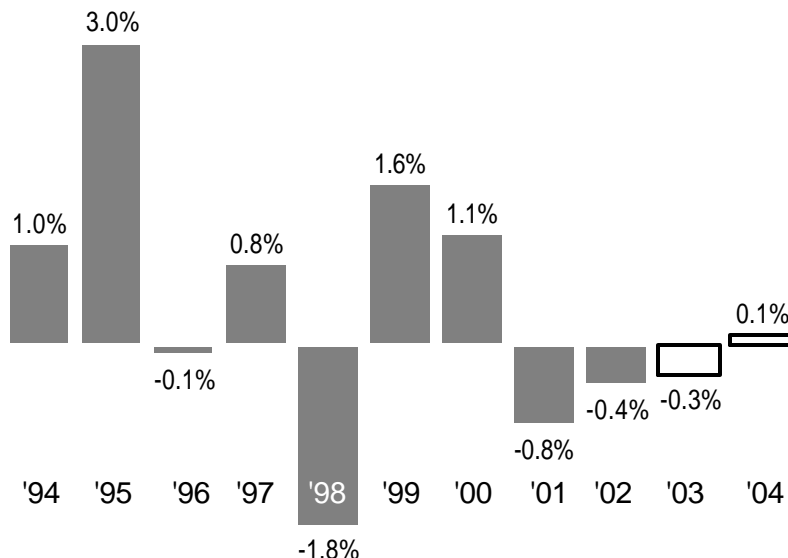
## National issues likely to affect visitor industry

National problems may make themselves felt in the region during the forecast period. Weak stock markets, relatively high unemployment, war with Iraq, a sharp decline in consumer confidence and, most recently, the highly publicized severe acute respiratory syndrome (SARS) outbreak, have all contributed to growing problems in the travel industry. The economic woes of the airline industry are well known, and many carriers have experienced a 20 to 30 percent drop in passenger bookings. Whether this growing reluctance to travel will extend to the rest of Alaska's visitor industry, and Southeast in particular, remains an open question.

Consumers often delay or defer expenditures in uncertain economic times. The events of September 11, 2001 provide an example. In that case, travelers delayed making bookings, but the total number of visitors resulted in a normal 2002 tourist season for Alaska. While it is possible that 2003 could produce similar results, it seems unlikely that the number of tourists visiting Southeast Alaska will increase much this year. Rather, most indicators would point to a reduction in the number of travelers.

A merger of Carnival and Princess Cruise lines could affect the region by 2004. If the merger is approved, Carnival will control nearly two-thirds of the worldwide cruise industry. It seems likely that management will opt for fewer sailings in order to attain higher occupancy rates. While this will attain greater efficiencies it will probably not affect the number of passengers visiting Alaska. It could, however, impact employment opportunities in local support industries and cruise line subsidiaries.

## 7 Southeast Forecast to 2004 Percent change from previous year



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section



## Slight decline expected in government

As the legislature considers the state budget, addressing the deficit is clearly a priority. Cutbacks in state spending and reductions in state government employment are likely to have a short-term negative impact on Juneau's local economy. In 2002, the Southeast region accounted for 5,650 of Alaska's 24,000 state jobs, or 23.5 percent. In 2003, employment for both Juneau and the Southeast region are likely to decline slightly. While these necessary measures may prove beneficial to Alaska as a state, the immediate effects will be fewer government jobs in the region and fewer dollars in the economy.

## Summary

The core economy of Southeast Alaska continues to rest on four pillars: timber, fisheries, tourism,

and government. All four have encountered setbacks in recent years. Timber and fisheries have both been eroded by the low prices of global competition and are unlikely to recover in the near future. Tourism continues to play a vital role, but the visitor industry remains very sensitive to consumer perceptions of security and the national economy. A reduction in international tensions or improved economic indicators could lead to an increase in the number of visitors, but neither issue seems likely to be resolved quickly. Finally, declining oil revenues and looming deficits clearly necessitate reductions in government spending. While fiscal responsibility will undoubtedly benefit the state over the long run, the Southeast regional economy will suffer short-term negative impacts from the resulting loss of jobs.

## Southeast Forecast Wage and salary employment — 2001-2004



	2001 Annual Average <sup>1</sup>	2002 Annual Average <sup>4</sup>	Absolute Change 01-02	Percent Change 01-02	2003 Forecast	Absolute Change 02-03	Percent Change 02-03	2004 Forecast	Absolute Change 03-04	Percent Change 03-04
Total Nonfarm Wage & Salary <sup>1</sup>	35,950	35,800	-150	-0.4%	35,700	-100	-0.3%	35,750	50	0.1%
Goods Producing <sup>2</sup>	4,300	3,950	-350	-8.1%	3,650	-300	-7.6%	3,550	-100	-2.7%
Services Providing <sup>3</sup>	31,650	31,850	200	0.6%	32,050	200	0.6%	32,200	150	0.5%
Natural Resources & Mining	800	650	-150	-18.8%	550	-100	-15.4%	500	-50	-9.1%
Seafood Processing	1,600	1,600	0	0.0%	1,600	0	0.0%	1,650	50	3.1%
Construction	1,850	1,700	-150	-8.1%	1,500	-200	-11.8%	1,400	-100	-6.7%
Manufacturing	1,300	1,300	0	0.0%	1,150	-150	-11.5%	1,100	-50	-4.3%
Trade, Transportation, Utilities	7,100	6,950	-150	-2.1%	6,900	-50	-0.7%	6,950	50	0.7%
Retail Trade	4,250	4,300	50	1.2%	4,250	-50	-1.2%	4,300	50	1.2%
Trans/Warehousing/Utilities	550	500	-50	-9.1%	500	0	0.0%	500	0	0.0%
Information	1,300	1,250	-50	-3.8%	1,250	0	0.0%	1,250	0	0.0%
Financial Activities	1,350	1,400	50	3.7%	1,450	50	3.6%	1,450	0	0.0%
Professional & Business Svcs	3,200	3,400	200	6.3%	3,600	200	5.9%	3,700	100	2.8%
Educational & Health Services	3,000	3,150	150	5.0%	3,300	150	4.8%	3,400	100	3.0%
Leisure & Hospitality	3,750	3,750	0	0.0%	3,750	0	0.0%	3,750	0	0.0%
Other Services	1,150	1,150	0	0.0%	1,200	50	4.3%	1,200	0	0.0%
Government	13,200	13,500	300	2.3%	13,400	-100	-0.7%	13,400	0	0.0%
Federal Government	1,750	1,850	100	5.7%	1,850	0	0.0%	1,850	0	0.0%
State Government	5,450	5,650	200	3.7%	5,600	-50	-0.9%	5,600	0	0.0%
Local Government	5,950	6,000	50	0.8%	5,950	-50	-0.8%	5,950	0	0.0%

### Notes for Exhibits 2, 4, 6, and 8:

<sup>1</sup> Subtotals may not add due to rounding.

<sup>2</sup> Goods-producing industries include: Natural Resources and Mining; Construction; and Manufacturing.

<sup>3</sup> Service-providing industries include: Trade, Transportation and Utilities; Information; Financial Activities; Professional and Business Services; Educational and Health Services; Leisure and Hospitality; Other Services; and Government.

<sup>4</sup> CES March 2002 Benchmark

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

# Economy Dances to Its Own Tune, for Now

## Alaska Employment Scene

by  
Neal Gilbertsen  
Labor Economist

### February economic overview

**A**cross the United States, most February economic news was negative as the nation moved towards war with Iraq. The long hoped for recovery seemed to be sputtering, if not stalled, as the Index of Leading Economic Indicators fell 0.4 percent to 111.1. This reversed a four-month trend of gains, as six of the ten indicators declined, including stock prices, consumer expectations and manufacturers' new orders. The University of Michigan's index of consumer sentiment fell to 79.2, a nine-and-one-half-year low. Further, retail sales fell 1.6 percent and the nation's labor market shed 308,000 jobs from January to February.

The nation's February's job losses represented the largest monthly drop since November 2001, and marked the twentieth consecutive month of declines in private sector payroll. Since March 2001, the economy has lost 2.5 million private sector jobs. Energy costs soared as oil prices approached \$40 a barrel and the dollar continued to slip against major foreign currencies resulting in an increase in the costs of imports and further contributing to the country's growing trade deficit.

These setbacks can be attributed to the economic uncertainty that is usually associated with heightened political tensions and increased risks of military confrontation.

### National negatives skip over Alaska

At the time of this writing, Alaska's economy seems insulated from the negative national news. Just as Alaska did not share in the dramatic national economic growth of the late 1990s, neither does it seem to be sharing in the setbacks of recent years. Alaska's economy frequently moves to different rhythms than the national economy, depending more heavily, for example, on oil prices, fishing, and the visitor industry. Alaska has a relatively small manufacturing base, and unlike the Pacific Northwest, it is not a center of high-tech industry.

In February 2003, the state's seasonally adjusted unemployment rate increased only one tenth of a percentage point to 7.0 percent. (See Exhibit 4.) This mirrored the increase in the national rate, which rose from 5.7 to 5.8 percent, and was nearly identical to February 2002, when the rates stood at 7.1 percent and 5.6 percent respectively. It should be pointed out, however, that a break in the series between 2002 and 2003 means the numbers are not strictly comparable.

### Alaska adds more jobs

In spite of the national downturn in employment, Alaska continued to add jobs. The state had

approximately 7,500 more jobs in February than it did in January. (See Exhibit 1.) Much of the over-the-month increase was attributable to the gain of 3,300 jobs in seafood processing as the pollock fishery came on line. Seafood processing jobs were down 300 jobs from the 8,300 of February 2002, however. From February 2002 to February 2003 the state added 4,600 jobs for an over-the-year growth rate of 1.6 percent.

Most of the over-the-year growth came from the categories of government; retail trade; health care & social assistance; and leisure & hospitality. (See Exhibit 1.) Government grew by 2,200 jobs over 2002, with significant increases in federal employment based largely on airport security hiring. Increases in state government rested on higher university employment, while public schools accounted for most of the growth in local government. Health care and social assistance added 1,300 jobs over 2002, while retail trade and leisure and hospitality increased 600 and 400 respectively. These gains were offset by losses in natural resources and mining, off 600; manufacturing, down 400; and air transportation, down 500.

### Urban centers garner most gains

Anchorage/Mat-Su and Fairbanks accounted for most of these gains, with the former adding 3,800 and the latter 600 jobs over February 2002. Other areas showed much smaller gains, and northern Alaska suffered sharp reductions in oil and gas extraction with overall employment shedding 400 jobs.

Alaska's economy is highly seasonal, and February lies near the bottom of the annual cycle. So far, 2003 resembles 2002, but it is too early to tell whether the national uncertainty will continue, and if it does, what effect this will have upon Alaska's summer economy.

In recent years, Alaska has seen declines in peak seasonal employment in the high paying goods

producing sector. The timber industry has faded to a shadow of its former self, and cutbacks have impacted the oil and gas extraction industry. The salmon fisheries have suffered from low prices and many fishermen have left the industry, although their actual numbers are not known. This in turn has impacted spending and employment opportunities in support industries in much of coastal Alaska. As a result, many Alaska communities have grown increasingly reliant upon tourism as an alternative source of seasonal income.

### War's progress could affect tourist season and other industries

If the war in Iraq is short and successful, it seems likely that consumer confidence will recover and Alaska may enjoy a normal tourist season. On the other hand, a drawn out conflict or increased terrorist activity could result in a decline in confidence, heightened concerns with security, and a reluctance to travel.

The uncertainty concerning international events clouds other outlooks as well. A long and costly war or a difficult occupation could result in sustained high oil prices that would result in an increase in state revenues, but would also negatively impact private sector endeavors. Higher fuel costs would adversely affect Alaska's already troubled salmon fisheries as well as adding transportation costs to many other industries. Conversely, a quick resolution of the war and a rapid resumption of Iraqi oil production could lead to dramatically lowered oil prices. While such a solution would clearly benefit the world, the United States, and Alaska's private sector, state budget deficits would once again increase.

Alaska awaits the resolution of these important issues, as does the rest of the nation. In this time of uncertainty one thing is clear, Alaska's economy will eventually be affected by both national and international events.

# 1 Nonfarm Wage and Salary Employment

## By place of work

Alaska	preliminary		revised			Changes from:		Municipality of Anchorage	preliminary		revised			Changes from:	
	2/03	1/03	2/02	1/03	2/02	2/03	1/03		2/02	1/03	2/02				
<b>Total Nonfarm Wage &amp; Salary</b>	<b>285,000</b>	<b>277,500</b>	<b>280,400</b>	<b>7,500</b>	<b>4,600</b>		<b>Total Nonfarm Wage &amp; Salary</b>	<b>138,300</b>	<b>137,500</b>	<b>135,600</b>	<b>800</b>	<b>2,700</b>			
Goods Producing	34,100	30,400	35,100	3,700	-1,000		Goods Producing	11,000	10,900	11,100	100	-100			
Services Providing	250,800	247,100	245,400	3,700	5,400		Services Providing	127,300	126,600	124,500	700	2,800			
<b>Natural Resources &amp; Mining</b>	<b>10,100</b>	<b>10,100</b>	<b>10,700</b>	<b>0</b>	<b>-600</b>		<b>Natural Resources &amp; Mining</b>	<b>2,500</b>	<b>2,500</b>	<b>2,800</b>	<b>0</b>	<b>-300</b>			
Logging	200	200	300	0	-100		Mining	2,500	2,500	2,700	0	-200			
Mining	9,800	9,800	10,500	0	-700		Oil & Gas Extraction	2,400	2,400	2,600	0	-200			
Oil & Gas Extraction	8,500	8,400	9,100	100	-600		<b>Construction</b>	<b>6,600</b>	<b>6,500</b>	<b>6,600</b>	<b>100</b>	<b>0</b>			
<b>Construction</b>	<b>12,500</b>	<b>12,200</b>	<b>12,400</b>	<b>300</b>	<b>100</b>		<b>Manufacturing</b>	<b>1,900</b>	<b>1,800</b>	<b>1,800</b>	<b>100</b>	<b>100</b>			
<b>Manufacturing</b>	<b>11,500</b>	<b>8,200</b>	<b>11,900</b>	<b>3,300</b>	<b>-400</b>		<b>Trade, Transportation, Utilities</b>	<b>31,900</b>	<b>31,800</b>	<b>31,700</b>	<b>100</b>	<b>200</b>			
Wood Products Manufacturing	200	200	300	0	-100		Wholesale Trade	4,500	4,500	4,500	0	0			
Seafood Processing	8,000	4,700	8,300	3,300	-300		Retail Trade	17,100	17,100	16,500	0	600			
<b>Trade, Transportation, Utilities</b>	<b>57,800</b>	<b>57,200</b>	<b>57,000</b>	<b>600</b>	<b>800</b>		Food & Beverage Stores	2,300	2,200	2,300	100	0			
Wholesale Trade	5,900	5,900	5,700	0	200		General Merchandise Stores	4,200	4,200	4,300	0	-100			
Retail Trade	32,500	32,400	31,900	100	600		Trans/Warehousing/Utilities	10,300	10,200	10,700	100	-400			
Food & Beverage Stores	5,600	5,500	5,500	100	100		Air Transportation	3,100	3,100	3,300	0	-200			
General Merchandise Stores	8,900	8,900	9,100	0	-200		<b>Information</b>	<b>4,400</b>	<b>4,500</b>	<b>4,500</b>	<b>-100</b>	<b>-100</b>			
Trans/Warehousing/Utilities	19,400	19,000	19,400	400	0		Telecommunications	2,600	2,600	2,700	0	-100			
Air Transportation	5,600	5,600	6,100	0	-500		<b>Financial Activities</b>	<b>8,000</b>	<b>7,900</b>	<b>8,100</b>	<b>100</b>	<b>-100</b>			
Truck Transportation	2,600	2,500	2,600	100	0		<b>Professional &amp; Business Svcs</b>	<b>15,900</b>	<b>15,700</b>	<b>15,800</b>	<b>200</b>	<b>100</b>			
<b>Information</b>	<b>7,000</b>	<b>6,900</b>	<b>6,800</b>	<b>100</b>	<b>200</b>		<b>Educational &amp; Health Services</b>	<b>16,700</b>	<b>16,600</b>	<b>15,700</b>	<b>100</b>	<b>1,000</b>			
Telecommunications	3,900	4,000	4,100	-100	-200		Health Care/Social Assistance	15,300	15,200	14,400	100	900			
<b>Financial Activities</b>	<b>13,200</b>	<b>13,200</b>	<b>13,200</b>	<b>0</b>	<b>0</b>		Ambulatory Health Care	6,500	6,400	5,900	100	600			
<b>Professional &amp; Business Svcs</b>	<b>22,100</b>	<b>21,800</b>	<b>21,800</b>	<b>300</b>	<b>300</b>		Hospitals	4,700	4,600	4,600	100	100			
<b>Educational &amp; Health Services</b>	<b>30,800</b>	<b>30,400</b>	<b>29,500</b>	<b>400</b>	<b>1,300</b>		<b>Leisure &amp; Hospitality</b>	<b>13,700</b>	<b>13,700</b>	<b>13,700</b>	<b>0</b>	<b>0</b>			
Health Care/Social Assistance	28,500	28,300	27,200	200	1,300		Accommodation	2,900	2,900	2,700	0	200			
Ambulatory Health Care	12,300	12,300	11,400	0	900		Food Svcs & Drinking Places	9,600	9,300	9,200	300	400			
Hospitals	7,500	7,300	7,400	200	100		<b>Other Services</b>	<b>5,900</b>	<b>5,900</b>	<b>5,500</b>	<b>0</b>	<b>400</b>			
<b>Leisure &amp; Hospitality</b>	<b>25,200</b>	<b>24,700</b>	<b>24,800</b>	<b>500</b>	<b>400</b>		<b>Government</b>	<b>30,700</b>	<b>30,600</b>	<b>29,600</b>	<b>100</b>	<b>1,100</b>			
Accommodation	5,700	5,600	5,500	100	200		Federal Government	9,600	9,700	9,400	-100	200			
Food Svcs & Drinking Places	15,800	15,600	15,600	200	200		State Government	9,900	9,700	9,500	200	400			
<b>Other Services</b>	<b>12,100</b>	<b>12,000</b>	<b>11,800</b>	<b>100</b>	<b>300</b>		Local Government	11,200	11,300	10,700	-100	500			
<b>Government</b>	<b>82,600</b>	<b>80,900</b>	<b>80,400</b>	<b>1,700</b>	<b>2,200</b>		Tribal Government	300	300	200	0	100			
Federal Government	16,300	16,500	15,900	-200	400										
State Government	24,800	23,900	23,900	900	900										
Local Government	41,500	40,500	40,700	1,000	800										
Tribal Government	3,300	3,500	3,200	-200	100										

Notes to Exhibits 1, 2, & 5—Non-farm excludes self-employed workers, fishermen, domestics, and unpaid family workers as well as agricultural workers. Government category includes employees of public school systems and the University of Alaska. Exhibits 1 & 2—Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics. Exhibits 3 & 5—Prepared in part with funding from the Employment Security Division.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

# 2 Hours and Earnings

## For selected industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	preliminary	revised	revised	preliminary	revised	revised	preliminary	revised	revised
	2/03	1/03	2/02	2/03	1/03	2/02	2/03	1/03	2/02
Mining	\$1,299.55	\$1,226.31	\$1,324.45	41.4	41.0	47.1	\$31.39	\$29.91	\$28.12
Construction	1078.77	1059.25	1008.38	39.1	38.9	40.4	27.59	27.23	24.96
Manufacturing	559.47	321.48	533.45	46.7	22.8	45.4	11.98	14.10	11.75
Seafood Processing	585.12	211.37	412.36	55.2	18.3	48.8	10.60	11.55	8.45
Trade, Transportation, Utilities	541.39	512.41	529.51	34.2	32.7	33.6	153.83	15.67	15.67
Retail Trade	465.26	448.87	479.79	33.4	32.2	34.1	13.93	13.94	14.07
Financial Activities	697.30	647.11	705.54	38.0	35.4	33.0	18.35	18.28	21.38

Average hours and earnings estimates are based on data for full-time and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing). Averages are for gross earnings and hours paid, including overtime pay and hours.

Benchmark: March 2002

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

# 3 Nonfarm Wage and Salary Employment

## By place of work

	preliminary revised		Changes from:		
	2/03	1/03	2/02	1/03	2/02
<b>Fairbanks North Star Borough</b>					
<b>Total Nonfarm Wage &amp; Salary</b>	<b>34,400</b>	<b>33,150</b>	<b>33,800</b>	<b>1,250</b>	<b>600</b>
Goods Producing	3,000	2,850	2,900	150	100
Services Providing	31,400	30,300	30,950	1,100	450
<b>Natural Resources &amp; Mining</b>	800	700	800	100	0
Mining	800	700	800	100	0
<b>Construction</b>	1,650	1,600	1,550	50	100
<b>Manufacturing</b>	550	500	500	50	50
<b>Trade, Transportation, Utilities</b>	7,050	6,750	7,100	300	-50
Retail Trade	4,150	4,000	4,100	150	50
General Merchandise Stores	1,050	1,050	1,100	0	-50
Trans/Warehousing/Utilities	2,400	2,250	2,500	150	-100
Air Transportation	850	850	850	0	0
<b>Information</b>	600	600	600	0	0
<b>Financial Activities</b>	1,300	1,250	1,200	50	100
<b>Professional &amp; Business Svcs</b>	1,650	1,650	1,650	0	0
<b>Educational &amp; Health Services</b>	3,650	3,550	3,550	100	100
Health Care/Social Assistance	3,350	3,300	3,300	50	50
<b>Leisure &amp; Hospitality</b>	3,450	3,350	3,350	100	100
Accommodation	750	700	700	50	50
Food Svcs & Drinking Places	2,300	2,300	2,250	0	50
<b>Other Services</b>	1,950	1,950	1,900	0	50
<b>Government</b>	11,800	11,250	11,550	550	250
Federal Government	3,250	3,250	3,150	0	100
State Government	5,200	4,950	5,050	250	150
Local Government	3,350	3,050	3,350	300	0
Tribal Government	0	0	0	0	0

## Southeast Region

<b>Total Nonfarm Wage &amp; Salary</b>	<b>32,200</b>	<b>31,350</b>	<b>32,000</b>	<b>850</b>	<b>200</b>
Goods Producing	2,550	2,150	2,600	400	-50
Services Providing	29,650	29,250	29,350	400	300
<b>Natural Resources &amp; Mining</b>	400	450	400	-50	0
Logging	100	150	100	-50	0
Mining	300	300	300	0	0
<b>Construction</b>	1,150	1,150	1,150	0	0
<b>Manufacturing</b>	950	550	1,100	400	-150
Wood Products Mfg.	100	100	150	0	-50
Seafood Processing	550	300	650	250	-100
<b>Trade, Transportation, Utilities</b>	5,650	5,650	5,600	0	50
Retail Trade	3,750	3,700	3,750	50	0
Trans/Warehousing/Utilities	1,550	1,550	1,550	0	0
<b>Information</b>	500	500	500	0	0
<b>Financial Activities</b>	1,150	1,150	1,150	0	0
<b>Professional &amp; Business Svcs</b>	1,200	1,250	1,250	-50	-50
<b>Educational &amp; Health Services</b>	3,500	3,450	3,300	50	200
Health Care/Social Assistance	3,250	3,250	3,100	0	150
<b>Leisure &amp; Hospitality</b>	2,750	2,700	2,900	50	-150
Accommodation	2,150	2,150	2,250	0	-100
Food Svcs & Drinking Places	1,300	1,250	1,300	50	0
<b>Other Services</b>	1,100	1,100	1,150	0	-50
<b>Government</b>	13,800	13,500	13,500	300	300
Federal Government	1,800	1,800	1,600	0	200
State Government	5,900	5,600	5,800	300	100
Local Government	6,100	6,100	6,100	0	0
Tribal Government	550	550	550	0	0

	preliminary revised		Changes from:		
	2/03	1/03	2/02	1/03	2/02
<b>Interior Region</b>					
<b>Total Nonfarm Wage &amp; Salary</b>	<b>38,600</b>	<b>37,250</b>	<b>38,050</b>	<b>1,350</b>	<b>550</b>
Goods Producing	3,150	3,100	3,100	50	50
Services Providing	35,450	34,150	34,950	1,300	500
<b>Natural Resources &amp; Mining</b>	900	850	950	50	-50
Mining	900	850	950	50	-50
<b>Construction</b>	1,750	1,700	1,650	50	100
<b>Manufacturing</b>	550	550	500	0	50
<b>Trade, Transportation, Utilities</b>	7,600	7,200	7,650	400	-50
Information	800	750	800	50	0
Financial Activities	1,350	1,350	1,300	0	50
Professional & Business Svcs	1,750	1,700	1,700	50	50
Educational & Health Services	3,750	3,700	3,700	50	50
Leisure & Hospitality	3,700	3,650	3,650	50	50
Accommodation	900	850	850	50	50
Food Svcs & Drinking Places	2,400	2,400	2,350	0	50
<b>Other Services</b>	2,150	2,100	2,150	50	0
<b>Government</b>	14,300	13,650	14,050	650	250
Federal Government	3,600	3,600	3,550	0	50
State Government	5,400	5,150	5,250	250	150
Local Government	5,300	4,900	5,250	400	50
Tribal Government	200	200	200	0	0

## Anchorage/Mat-Su Region

<b>Total Nonfarm Wage &amp; Salary</b>	<b>152,700</b>	<b>151,350</b>	<b>148,900</b>	<b>1,350</b>	<b>3,800</b>
Goods Producing	12,400	12,250	12,500	150	-100
Services Providing	140,300	139,050	136,450	1,250	3,850
<b>Natural Resources &amp; Mining</b>	2,550	2,600	2,800	-50	-250
<b>Construction</b>	7,700	7,600	7,650	100	50
<b>Manufacturing</b>	2,100	2,100	2,050	0	50
<b>Trade, Transportation, Utilities</b>	35,700	35,450	34,600	250	1,100
Information	4,850	4,950	4,950	-100	-100
Financial Activities	8,600	8,500	8,650	100	-50
Professional & Business Svcs	16,750	16,400	16,450	350	300
Educational & Health Services	18,200	18,000	17,550	200	650
Leisure & Hospitality	15,250	15,200	14,950	50	300
<b>Other Services</b>	6,500	6,350	6,050	150	450
<b>Government</b>	34,500	34,200	33,300	300	1,200
Federal Government	9,750	9,850	9,600	-100	150
State Government	11,000	10,750	10,450	250	550
Local Government	13,750	13,650	13,250	100	500
Tribal Government	350	350	250	0	100

## Gulf Coast Region

<b>Total Nonfarm Wage &amp; Salary</b>	<b>25,550</b>	<b>24,700</b>	<b>25,550</b>	<b>850</b>	<b>0</b>
Goods Producing	5,100	4,450	5,350	650	-250
Services Providing	20,450	20,250	20,200	200	250
<b>Natural Resources &amp; Mining</b>	1,250	1,350	1,450	-100	-200
Oil & Gas Extraction	1,150	1,250	1,300	-100	-150
<b>Construction</b>	1,250	1,150	1,250	100	0
<b>Manufacturing</b>	2,600	1,950	2,650	650	-50
Seafood Processing	1,900	1,300	1,950	600	-50
<b>Trade, Transportation, Utilities</b>	4,700	4,800	4,750	-100	-50
Retail Trade	2,950	3,000	2,950	-50	0
Trans/Warehousing/Utilities	1,600	1,600	1,600	0	0
<b>Information</b>	400	400	400	0	0
<b>Financial Activities</b>	850	850	800	0	50
<b>Professional &amp; Business Svcs</b>	1,400	1,300	1,400	100	0
<b>Educational &amp; Health Services</b>	1,850	1,850	1,800	0	50
Health Care/Social Assistance	1,800	1,750	1,700	50	100
<b>Leisure &amp; Hospitality</b>	2,450	2,400	2,400	50	50
Accommodation	800	750	750	50	50
Food Svcs & Drinking Places	1,450	1,400	1,400	50	50
<b>Other Services</b>	1,400	1,400	1,400	0	0
<b>Government</b>	7,350	7,300	7,250	50	100
Federal Government	700	750	700	-50	0
State Government	1,650	1,600	1,650	50	0
Local Government	5,000	4,950	4,950	50	50
Tribal Government	300	300	300	0	0

## 4 Unemployment Rates By region and census area

Not Seasonally Adjusted	preliminary	revised	02/02
	02/03	01/03	
<b>United States</b>	<b>6.4</b>	<b>6.5</b>	<b>6.1</b>
<b>Alaska Statewide</b>	<b>8.7</b>	<b>8.6</b>	<b>8.8</b>
<b>Anchorage/Mat-Su Region</b>	<b>6.8</b>	<b>6.6</b>	<b>6.7</b>
Municipality of Anchorage	5.9	5.7	5.9
Mat-Su Borough	10.7	10.6	10.6
<b>Gulf Coast Region</b>	<b>13.4</b>	<b>13.7</b>	<b>13.7</b>
Kenai Peninsula Borough	14.8	14.6	14.6
Kodiak Island Borough	6.4	9.1	9.7
Valdez-Cordova	15.9	15.4	14.7
<b>Interior Region</b>	<b>9.3</b>	<b>9.2</b>	<b>9.1</b>
Denali Borough	15.8	15.7	14.8
Fairbanks North Star Borough	8.1	7.9	7.9
Southeast Fairbanks	16.4	16.7	16.0
Yukon-Koyukuk	20.3	19.9	20.8
<b>Northern Region</b>	<b>14.0</b>	<b>13.5</b>	<b>13.0</b>
Nome	14.0	13.4	13.4
North Slope Borough	10.4	10.3	10.1
Northwest Arctic Borough	18.9	18.0	16.5
<b>Southeast Region</b>	<b>10.3</b>	<b>10.4</b>	<b>12.0</b>
Haines Borough	17.0	17.3	17.9
Juneau Borough	6.8	6.6	7.4
Ketchikan Gateway Borough	11.0	11.9	14.1
Prince of Wales-Outer Ketchikan	19.5	19.0	23.1
Sitka Borough	7.8	7.6	8.1
Skagway-Hoonah-Angoon	15.1	15.6	18.3
Wrangell-Petersburg	14.7	15.4	17.5
Yakutat Borough	23.9	17.7	19.7
<b>Southwest Region</b>	<b>12.3</b>	<b>13.6</b>	<b>11.3</b>
Aleutians East Borough	3.4	6.0	3.2
Aleutians West	7.0	12.8	5.3
Bethel	13.7	13.6	12.2
Bristol Bay Borough	11.2	10.3	16.7
Dillingham	12.1	13.2	10.6
Lake & Peninsula Borough	18.1	15.7	16.7
Wade Hampton	20.2	21.1	19.9
<b>Seasonally Adjusted</b>			
United States	5.8	5.7	5.6
Alaska Statewide	7.0	6.9	7.1

### 2002 Benchmark

Comparisons between different time periods are not as meaningful as other time series produced by Research and Analysis. The official definition of unemployment currently in place excludes anyone who has not made an active attempt to find work in the four-week period up to and including the week that includes the 12th of the reference month. Due to the scarcity of employment opportunities in rural Alaska, many individuals do not meet the official definition of unemployed because they have not conducted an active job search. They are considered not in the labor force.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

## 5 Nonfarm Wage/Salary Employment By place of work

Northern Region	preliminary	revised	Changes from:		
	2/03	1/03	2/02	1/03	2/02
<b>Total Nonfarm Wage &amp; Salary</b>	<b>15,900</b>	<b>15,750</b>	<b>16,300</b>	<b>150</b>	<b>-400</b>
Goods Producing	5,350	5,400	5,850	-50	-500
Services Providing	10,550	10,350	10,450	200	100
Oil & Gas Extraction	4,450	4,400	4,750	50	-300
Government	5,200	5,000	4,950	200	250
Federal Government	150	150	150	0	0
State Government	350	300	300	50	50
Local Government	4,700	4,550	4,500	150	200
Tribal Government	500	550	450	-50	50
<b>Southwest Region</b>					
<b>Total Nonfarm Wage &amp; Salary</b>	<b>19,800</b>	<b>16,950</b>	<b>19,600</b>	<b>2,850</b>	<b>200</b>
Goods Producing	5,750	3,100	5,700	2,650	50
Services Providing	14,050	13,850	13,900	200	150
Seafood Processing	5,600	3,000	5,550	2,600	50
Government	7,500	7,250	7,450	250	50
Federal Government	350	350	300	0	50
State Government	500	500	500	0	0
Local Government	6,650	6,450	6,600	200	50
Tribal Government	1,400	1,450	1,400	-50	0

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

# Employer Resources

Employer tax credits are an important part of the diverse strategies designed to help people gain on-the-job experience and acquire better employment. The Work Opportunity Tax Credit (**WOTC**) and Welfare-to-Work (**W+W**) programs offer federal tax credits to employers as an incentive to hire people in seven specific target groups.

Go to: <http://www.labor.state.ak.us/employer/employer.htm> and click on Work Opportunity and Welfare to Work Tax Credit Programs for more information.

The image shows two screenshots of a web browser. The top screenshot is titled "Links for Employers - Microsoft Internet Explorer" and shows the "State of Alaska" website. The main content area is titled "Links for Employers" and contains a list of links. Two black arrows point from the "Work Opportunity and Welfare to Work Tax Credit Programs" link in this list to the bottom screenshot. The bottom screenshot is titled "Work Opportunity and Welfare-to-Work Tax Credits - Microsoft Internet Explorer" and shows the "Alaska Job Center Network... where people and jobs connect." website. The page is titled "Employer Tax Credit Programs" and features a section for "Work Opportunity and Welfare-to-Work Tax Credits". This section includes a list of links such as "What are the WOTC and WW Programs?", "Who is Helped by WOTC and WW?", "How Much is the Tax Credit?", "Who are the Targeted Groups?", "Who Does not Qualify?", "Instructions for Employers in Alaska", "How to Get Forms", "Contacts for Additional Information", "How to Find Tax Credit Qualified Applicants", and "WOTC Presentation". Below the links, there is an "UPDATE" section with a link to read the latest Congressional action. The main text explains that employer tax credits are an important part of diverse strategies to help people gain on-the-job experience and acquire better employment. It states that the WOTC and WW programs offer federal tax credits to employers as an incentive to hire people in seven specific target groups, with the tax credits having been extended through December 31, 2003. A section titled "Who is Helped by WOTC and WW?" explains that these programs help both employers and targeted job seekers, with employers saving on payroll expenses and job seekers qualifying for benefits.